MELEWAR INDUSTRIAL GROUP BERHAD

Reg. No. 196901000102 (8444-W)

ANNUAL REPORT 2023

WHAT'S INSIDE

This Annual Report can be accessed at **www.melewar-mig.com** or by scanning the QR code with your device.

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 2023 ("FY2023")."

TUNKU DATO' YAACOB KHYRA
Executive Chairman

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

The Group's principal activity is in 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 two 100% owned subsidiaries, namely:

- Ausgard Quick Assembly Systems Sdn Bhd ("AQAS") which specialises in delivering and building commercial and residential structures, catering to niche property markets with the use of the Industrialised Building System (IBS), and
- 3Bumi Sdn Bhd ("3Bumi"), which is involved in food product trading and distribution.

For the twelve months to 30 June 2023, Group revenue declined by 26.9% to RM549.7 million from the RM752.2 million reported in FY2022, driven by the downward trend in global steel prices, as well as lower steel throughput volume, due to weaker demand, and the dumping of steel into Malaysia, by fellow Asian net-steel producers.

As a result of the significantly lower revenue and profit contributions from the Steel Division operations, the Group turned in a Loss Before Tax ("LBT") of RM18.5 million, in contrast with a Profit Before Tax ("PBT") of RM60.9 million in FY2022. The year saw a write-down of steel inventories amounting to RM11.0 million, an increase from the RM10.0 million write-down in the prior year, primarily attributed to the sustained decrease in raw steel prices.

FY2023 closed with Group shareholders' equity of RM409.6 million, representing a net asset value per share of RM1.14 as of 30 June 2023.

Revenue
RM **549.7** MILLION
2022 : RM752.2 million

Loss Before Tax
RM **18.5** MILLION
2022 : Profit Before Tax RM60.9 million

Shareholders' Equity
RM **409.6** MILLION
2022 : RM410.0 million

STEEL DIVISION

Mycron's business encompasses the combined operations of two main subsidiaries, namely Mycron Steel CRC Sdn Bhd ("MCRC") and Melewar Steel Tube Sdn Bhd ("MST").

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

CHAIRMAN'S STATEMENT

STEEL DIVISION (CONT'D)

OPERATIONS REVIEW

In the first quarter of FY2023, the Group's steel division faced challenges amid reduced steel demand and a decline in global steel prices. The division's performance remained stagnant, generating a revenue of RM120.1 million. Persistent issues such as chronic manpower shortages and disrupted supply chains significantly impacted steel consumption, leading to a sharp decline in output across key steel-consuming industries.

The ongoing Russian-Ukrainian conflict further intensified global economic challenges, resulting in soaring energy costs. The adverse effects of rising energy prices and excessive inflation rendered the global economy and steel demand susceptible. Consequently, steel prices plummeted faster than raw material costs, causing a contraction in profit margins.

The second quarter witnessed the Steel Division's negative performance, marked by a revenue of RM134.2 million and a LBT of RM16.4 million. Factors contributing to this included weak domestic steel demand, increased dumping of CRC steel imports into Malaysia, and continuous downward pressure on global steel prices. The quarter marked the end of nine consecutive profitable quarters.

In the third quarter, the Steel Division's revenue declined to RM126.6 million owing to lower unit selling prices. The division recorded a marginal pre-tax profit of RM0.15 million due to lower price spreads and higher unit production cost, caused by lower throughput volume.

The fourth quarter enjoyed an uptick in revenue to RM159.1 million, 26% higher than the previous quarter, driven by increased sales volume. While contributing to a stronger gross profit performance, the quarter's overall performance narrowed to a LBT of RM0.5 million, attributed to a RM6.8 million year-end impairment charge on property, plant, and equipment.

Steel Division

Revenue

RM **540.0** MILLION

2022 : RM745.9 million

Loss Before Tax

RM **13.8** MILLION

2022 : Profit Before Tax RM64.5 million

FOOD DIVISION

The Food Division, under 3Bumi, continues to represent a comparatively minor unit of the Group's overall activities.

Due to reduced consumer demand caused by increased food price inflation and reduced expenditure on premium imported food items, the division's revenue contracted by 16.2% to RM7.0 million from RM8.4 million in FY2022. The division reported a LBT of RM5.6 million, compared to a loss of RM3.6 million incurred in the previous year.

Food Division

Revenue

RM **7.0** MILLION

2022 : RM8.4 million

Loss Before Tax

RM **5.6** MILLION

2022 : RM3.6 million

CHAIRMAN'S STATEMENT

TOWARD A SUSTAINABLE FUTURE

The Group recognises the significance of conducting operations in a sustainable manner and are actively striving to achieve sustainability objectives and targets aligned with global reporting standards. Our commitment is to integrate sustainable practices across various aspects of our operations, encompassing Governance, Climate Change, the Environment, our People, and the Community. Since embarking on our sustainability journey, the Group has accomplished noteworthy milestones, detailed further in the Sustainability Statement of this Report.

PROSPECTS FOR THE NEW FINANCIAL YEAR

The uncertain global economy is anticipated to linger for the next financial year. The drawn-out geopolitical conflict in the West and tension in the East continue to cast a long shadow on the world economy, which could intensify with more restrictions on trade and cross-border movements of capital, as well as contribute to additional volatility, in global commodity prices. On top of that, China's underperforming economic recovery, higher expected inflation, and elevated interest rates, will constrain any room for discretionary spending, raise the risk of debt distress, and dampen global economic activity.

The Group ended the current financial year in a loss position with steep contraction in sales volume, especially for steel related products, mirroring the weak performance of the nation's manufacturing sector, as reflected in its Purchasing-Managers-Index's ten straight months of contraction. Similar contraction is seen in major exporting nations as global trade shrank.

With the regularisation of various Malaysian infrastructural projects, such as the National Energy Transition Roadmap, and remnants of the 12th Malaysia Plan, there is hopeful anticipation, that these initiatives, will favourably impact, the domestic steel industry in the coming year.

For the domestic food industry has experienced increased operational costs, and a weakened Malaysian currency, which has resulted in imported food inflation. To enhance competitive advantage, the Food Division is working assiduously to further sharpen, simplify, and streamline operating processes, and will focus on securing more customers, broadening product array and value-added services, whilst vigilantly observing evolving consumer trends and shifting market conditions.

In summary, the Group's prospects outlook for the next financial year remains cautious, with the possibility of tepid rebound in the second half of the next financial year, in line with the World Trade Organisation and World Bank's projection, for the regional steel and food industry.

GOVERNANCE

The Board of Directors of the Group recognises that corporate governance principles, are the foundation upon which stakeholder confidence is built. In addition, we acknowledge the importance of conducting business with integrity, and in accordance with generally accepted corporate governance principles.

Our board members and senior executives will continue to focus on upholding the highest standards of corporate governance and business ethics in the operations of the Group. The Governance model for the Group includes, among others, the Board Charter, Terms of Reference of Board Committees, Anti-Fraud/ Anti-Corruption Policy, Fit and Proper Policy, Communication Policy, Conflict of Interest Policy, and Corporate Disclosure Policies and Procedures.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my deep appreciation to everyone in the Group for their unwavering passion, dedication, effort, and determination over the past year. I wish them every success in the year ahead.

I would also like to extend my wholehearted appreciation to my fellow Board members for their strong commitment and invaluable counsel.

To our valued business associates, customers, suppliers, and shareholders; thank you all for your continued support.

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 2023 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.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

OVERVIEW

FY2023 has ushered in a difficult terrain for both the steel and food sectors, marked by lacklustre market conditions on both domestic and global fronts. The worldwide scenario was disrupted by geopolitical tensions and China's handling of the COVID-19 situation, resulting in profound implications for the supply chain. The escalation in energy costs, closely trailed by a surge in commodity prices, triggered heightened apprehension about inflationary forces. In response, central banks implemented interest rate hikes as a countermeasure to rein in consumer prices. The resultant erosion of purchasing power ultimately dampened consumer sentiment, exerting a consequential impact on the demand for goods and supplies. These interconnected dynamics forged a challenging business landscape that necessitated adaptability and prudent navigation.

In FY2023, the Group's sales and profit margins took a substantial hit. This was primarily attributed to several factors, including sluggish domestic demand, a surge in steel dumping by net-exporting nations, persistent downward pressure on global steel prices, and rising food inflation. Steel prices experienced a peak in March 2022, followed by a trough in early December 2022. However, during the third quarter of FY2023, they began to rebound before gradually declining again around mid-March 2023. Additionally, major industries that heavily dependent on steel saw a significant decrease in production due to ongoing labour shortages and supply chain disruptions. These factors had a profound impact on steel demand, culminating in a challenging customer destocking scenario within the steel industry. Besides this, the global landscape has far-reaching implications for food security as well. As a wholesale food trader and distributor, the Group found itself compelled to reduce prices and accept narrower profit margins in order to maintain competitiveness. Domestic demand remained consistently subdued throughout the year as consumers and retail businesses exercised caution in their spending, particularly when it came to premium meat and imported food products.

Against this backdrop, the Group experienced a significant decline in revenue, with a 26.93% decrease compared to the previous year. Group revenue dropped from RM752.25 million to RM549.66 million in FY2023, primarily driven by the Cold Rolled Coil segment's weaker performance within the Group's business operations. Sales volume from this segment fell by a substantial 27.18% versus a year earlier. The sharply lower average steel selling price for both the Steel Tube and Cold Rolled Coil segments also played a role in the revenue decline.

The Group ended the year with a net loss of RM16.89 million as compared to a net profit of RM48.16 million the prior year. During the year, there were inventories write-downs amounting to RM6.32 million for the Steel Tube segment, RM3.50 million for the Cold Rolled Coil segment and RM1.18 million for the Others segment, which encompasses Food Trading, Distribution and Retail businesses. The Group posted a net revaluation surplus on property, plant and equipment and right-of-use assets of RM16.82 million for a total comprehensive loss of RM0.79 million, as against a total comprehensive income of RM53.41 million in FY2022.

The Group's shareholders' equity stood at RM409.61 million, compared to RM410.02 million as of the end of FY2022, which translated to a Group net asset value per share of RM1.14 at 30 June 2023. The fall in shareholders' equity was largely attributed to a net loss attributable to owners of RM13.26 million for FY2023, unfavourable foreign currency translation differences of RM0.72 million, and the impact of changes in effective interest in a subsidiary amounting to RM0.37 million. These reductions were partly offset by a positive asset revaluation reserve of RM13.94 million.

Revenue

RM **549.66** MILLION

2022 : RM752.25 million

Net Loss

RM **16.89** MILLION

2022 : Net Profit RM48.16 million

Equity

RM **409.61** MILLION

2022 : RM410.02 million

Net Asset Per Share

RM **1.14**

2022 : RM1.14

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

OVERVIEW (CONT'D)

Given the highly adverse business condition in the current financial year, the Group's key financial indicators as outlined in the Table 1 below showed deterioration in some of the key measures over the preceding FY2022.

Table 1		FY2023	FY2022
PROFITABILITY			
a)	Operational Return on Average Capital Employed (EBIT/Ave Cap)	(1.28%)	12.20%
b)	Return on Equity (Net Earnings/Equity)	(2.24%)	6.21%
LIQUIDITY			
c)	Current Ratio (Current Assets/Current Liabilities)	2.39	1.82
d)	Interest Cover Ratio (EBITDA/Net Interest Expense)	2.22	23.95
CAPITAL			
e)	Weighted Average Cost of Capital (Cost of Equity assumed at 9.0%)	7.89%	8.03%
f)	Debt to Equity Ratio (includes all interest bearing debt)	0.22	0.20
VALUE			
g)	Net Tangible Asset per Share (RM/share)	1.30	1.30
h)	Enterprise Value to Total Comprehensive Income Ratio	(170.41)	2.02

SEGMENTS' PERFORMANCE

For the current financial year, the combined revenue of the Group's two steel segments, "Steel Tube" and "Cold Rolled Coil", declined by 27.10% to RM541.97 million from RM743.45 million the previous year. These two steel segments closed the year with a combined net profit of RM3.50 million, compared to a profit of RM66.98 million in FY2022. The performance of these two steel segments were negatively impacted by a decrease in the unit selling price, which moved in line with the market steel prices. Total sales volume also decreased by 15.47% in FY2023.

Investment holding companies are aggregated as a separate segment, but their assets holdings and revenue mainly involve intercompany transactions, which are eliminated on consolidation. The "Investment Holding" segment reported a net loss of RM13.02 million, showing an improvement compared to a loss of RM13.97 million the year before. The "Others" segment comprises companies engage in various activities, including the food trade, distribution, and retail business, as well as other smaller businesses in the UK. This segment also involves companies operating in modular structure and dealing with metal scrap. For the twelve months, amid lacklustre market conditions, the "Other" segment's net loss was RM7.37 million compared to a loss of RM4.85 million in FY2022.

The segments' performance was summarized in the Table 2 below.

Table 2

	Steel Tube		Cold Rolled Coil		Investment Holding		Others	
RM'million	**FY2023**	**FY2022**	**FY2023**	**FY2022**	**FY2023**	**FY2022**	**FY2023**	**FY2022**
External Revenue	274.90	292.57	267.07	450.88	-	-	7.69	8.80
Net Profit/ (Loss)	7.36	29.85	(3.86)	37.13	(13.02)	(13.97)	(7.37)	(4.85)

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

SEGMENTS' PERFORMANCE (CONT'D)

The ensuing paragraphs discuss the key segments' challenges.

Steel Tube & Cold Rolled Coil (CRC) Segments

Both the Steel Tube and CRC segments encountered unfavourable market circumstances characterised by weak demand, falling prices, and heightened competition from rampant cheap imports. The detrimental factors were more severe in the CRC market compared to the tube & pipes market - as reflected in Table 2 on the segments' performance.

For the Steel Tube segment, sales volume in the current period was marginally higher compared to the preceding period, which was at a pandemic low. Reduced demand from the furniture and electrical manufacturing sectors in the current period was mitigated with slightly higher orders for water-projects usage.

For the CRC segment, a decrease in sales volume was recorded in all market sectors in the current period, with the most significant decline in demand coming from furniture manufacturers, galvanized and coated sheets manufacturers, and steel service centers. The Group observed that the weak domestic CRC demand was also compounded by the influx of import-substitutions (mostly through questionable import-duty-skirting channels).

Both segments experienced intense gross margin compression due to the falling price trend and aggressive product dumping from abroad, significantly narrowing margin spreads. The Steel Tube segment's gross margin percentage fell by around half, while the CRC's fell by more than half, even before the inventory write-down.

In spite of the challenges, both segments recorded positive EBITDA as shown in Charts 1 & 2—even though sharply lower compared to the preceding periods.

Chart 1 Steel Tube's EBITDA in RM' million

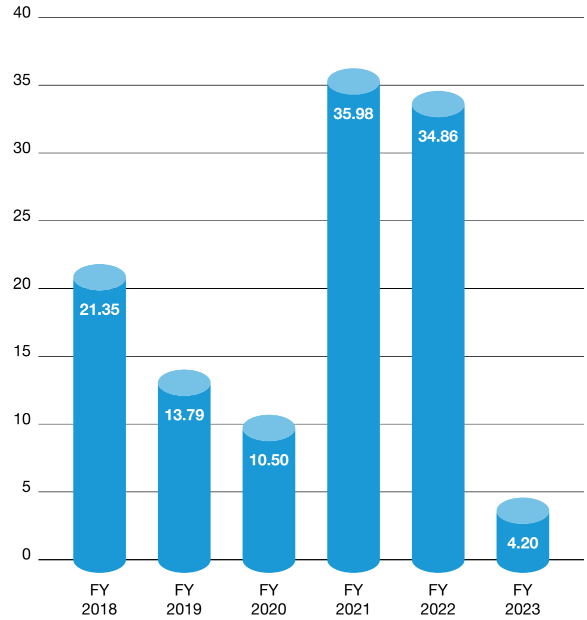
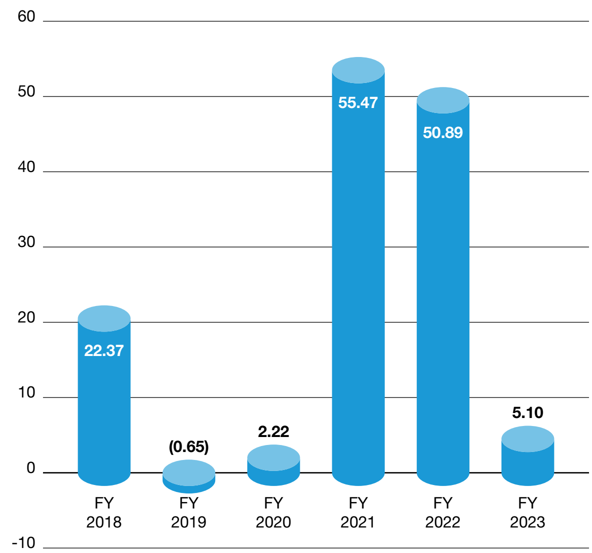


Chart 2 CRC's EBITDA in RM' million



MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

SEGMENTS' PERFORMANCE (CONT'D)

Others Segment

The primary emphasis within the array of businesses in this segment is on the UK operations and the "Food Trading, Distribution, and Retail" operations. In recent years, the UK operations have not only retained their steel pipe distribution business but have also diversified into container storage services. This diversification indicates a broader range of activities and revenue streams within the UK operations of the company. In FY2023, its container storage was 57.34% occupied and had contributed to 66.24% of the UK operation's total revenue. The UK operations recorded a net loss of RM1.35 million, compared to a net loss of RM1.28 million in FY2022.

Similarly, amid subdued levels of demand, the "Food Trading, Distribution, and Retail" operations under the 3Bumi umbrella recorded a lower revenue of RM7.02 million, 16.17% less than the year before, while its net loss increased by 62.14% to RM5.45 million from RM3.36 million in FY2022. The main revenue contribution for the "Food Trading, Distribution, and Retail' operations came solely from two businesses, namely "Frozen Meat & Seafood" trading business as well as "Edible Oil" Bottling and Distribution business, with revenue of RM5.68 million and RM1.46 million respectively for the twelve months to 30 June 2023. Meanwhile, the Group's retail business in Cambodia, comprising 3 mini market outlets branded as "Alamin", primarily sells Malaysian Halal certified products. Revenue from these outlets reached RM0.26 million, marking a 655.34% increase from the RM0.03 million reported a year earlier.

During the year, the "Frozen Meat & Seafood" trading business experienced a declining selling price trend for certain imported raw meat products since November 2022, with the drop exceeding 20% beyond the current financial year end. As a result, a write-down of inventories of RM1.18 million was necessary in FY2023. Presently, the trading sector has reduced its procurement, especially for imported meat, due to the weak domestic market demand and the persistent declining price trend for certain products. This has significantly mitigated the size of the inventory write down for coming year.

As part of the Group's ongoing efforts to reduce costs, the "Frozen Meat & Seafood" trading operation has made a strategic investment in the construction of an integrated food processing and warehouse facility located in Sungai Tua, Batu Caves within the current year. This strategic decision not only relieves the operation from the substantial financial burden linked to prolonged facility leasing in the long run but also grants it the ability to conduct food product processing, storage, and distribution seamlessly and efficiently. The food processing facility commenced operations and became ready for use in early June 2023, while the construction of the warehouse facility is ongoing.

Besides this, the Group's another wholly-owned subsidiary, Ausgard Quick Assembly Systems Sdn Bhd ("AQAS"), operating in modular structure within this segment, successfully completed and delivered the final three modular library units to its client in the current financial year. Additionally, it entered a new project with another sister company to construct a processing center during the same period. AQAS experienced an acceleration in revenue to RM0.87 million, with a net profit of RM0.12 million in FY2023.

OUTLOOK AHEAD

Looking forward, the Group foresees a persistently challenging business landscape in FY2024. Market volatility and economic uncertainty are likely to endure. The commodities market is expected to remain turbulent, primarily attributable to uncertainties stemming from shifting weather patterns and an inflationary backdrop. The depreciation of the ringgit against the US dollar is poised to counteract any potential benefits arising from reduced commodity prices. This, in turn, will trigger a domino effect, increasing operational production costs. Furthermore, the recent labour regulations implemented in Malaysia, starting in January 2023, has further compound the situation, resulting in elevated input costs in the forthcoming year.

Despite the strong GDP growth experienced by the nation in FY2023 (post-COVID recovery), the outlook for Malaysia's manufacturing sector, including the steel industry, is expected to remain weak in the upcoming year. Domestic steel manufacturers are likely to face continued challenges, largely attributed to an increased cost burden driven by heightened operational and borrowing costs, a weakened Ringgit, and imported inflation impacting raw materials and capital goods. Additionally, they will need to compete with an influx of steel products being dumped from abroad, all within the context of a subdued market.

Furthermore, China's post-COVID economic recovery is showing vulnerabilities, which are evident in the slowing global trade, a looming property debt crisis, an increased in youth unemployment, and the repercussions of Western de-risking and containment measures. These challenges are poised to not only restrict the growth of South East Asia but also to put pressure on pricing and margins in the regional steel industry.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

OUTLOOK AHEAD (CONT'D)

However, with Malaysia's new administration, there is an expectation of renewed political stability and a potential strengthening of economic policies aimed at bolstering market confidence. In line with the Malaysia's 10-year Madani economic framework, upcoming policy documents such as the New Industrial Master Plan 2030 (NIMP 2030) under the Ministry of International Trade and Industry (Miti), the mid-term review of the 12th Malaysia Plan (12MP), and the 2024 Budget will further delineate strategies and measures to restructure Malaysia's economy and deliver inclusive development for the Malaysia citizen. Key areas of emphasis encompass enhancing the business environment, promoting high-quality investments to generate higher-income jobs, ensuring sound governance, and allocating resources towards improving public services and infrastructure in order to enhance the quality of life for the populace. All these initiatives could benefit the domestic steel industry. The on-going East Coast Rail Line currently in construction phase as well as capacity building in the 2nd 5G telecommunication network and various renewable energy projects (under the Malaysia National Energy Transition Roadmap) could also add to steel demand in 2024.

Likewise, food security is increasingly emerging as a paramount national priority in the upcoming year. As of now, Malaysia stands at the 41st position in the Global Security Food Index (GSFI), highlighting its reliance on imported essential food items. However, when it comes to sustainability and adaptability, Malaysia's ranking is less favourable, as it currently holds the 57th position among 113 countries. This heightened focus on food security is, in part, propelled by shifting consumer preferences within Malaysia, notably among the middle class, who are now demanding higher quality food products often sourced from international markets. Given Malaysia's continued reliance on food imports, the exchange rate becomes a pivotal factor in safeguarding food security, as it can significantly impact the cost and availability of imported goods.

In FY2024, the Group anticipate both the "Frozen Meat & Seafood" and the "Edible Oil" businesses to sustain modest growth trajectories. Trading volumes are projected to stabilise, along with the accompanying profit margins. For ''Frozen Meat & Seafood" trading business, the primary objective in the upcoming year remains centered on maximising margins. This will be achieved through the introduction of value-added products and the development of its proprietary premium brands. Additionally, it aims to expand its presence in various retail chains by offering these premium brands, thus penetrating new markets. On the other hand, the "Edible Oil" operation will shift its focus towards international sales, aiming to enhance its overall sales volume. This strategic approach is expected to play a crucial role in fostering the growth and expansion of its business on a global scale.

Meanwhile, the Group's scheduled expansion program for its container storage business in the UK, which was initially planned for the prior year, has been rescheduled to commence in FY2024 due to the prevailing economic challenges. Within the UK operations, the primary objective is to complete the transition from all 40-foot containers to 20-foot containers by the second quarter FY2024 as an integral component of the initial phase of the expansion initiative. Following the successful container replacement initiatives, the Group anticipate a positive outlook, with the expectation of surpassing a 65% occupancy rate.

In Cambodia, the retail business has opted for a departure from the conventional method of opening new branches and has embarked on a strategic collaboration journey with other pre-existing and emerging mini markets in Cambodia. The Group intends to showcase its products within these mini markets under the distinctive "Alamin Corner" branding, thereby enhancing its brand recognition and complementing the existing "Alamin" outlets. This strategic shift is aimed at bolstering sales by improving products accessibility to a broader customer base and rapidly expanding its market presence in Cambodia, all without the considerable time and effort typically required for the establishment of standalone outlets. By entering into cooperative agreements with these mini markets, the Group will be able to make substantial reductions in the overhead and operational costs typically associated with maintaining independent retail establishments. This cost-effective strategy empowers the Group to allocate its resources with enhanced efficiency, maximising their impact in the pursuit of business goals.

In the current environment of rising costs, the Group will take a proactive approach to manage its cost structure by implementing rigorous cost containment initiatives across all operational areas. Concurrently, the Group will undertake major steps to enhance productivity, including cost reduction efforts and the optimisation of procurement processes. It is worth noting that elevating the Group's cash generation to strengthen its financial position remains a top priority, ensuring the Group has greater financial resilience and flexibility to support future growth initiatives.

In summary, the Group's performance outlook is expected to continue facing significant downside pressure if there is further deterioration in the external factors impacting the nation and the domestic steel and food industry.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This Sustainability Statement is presented in accordance with Bursa Malaysia's Main Market Listing Requirements under Appendix 9C Paragraph 29, and Practice Note 9 Paragraph 6. These listing requirements were revised in Year 2022 to enhance sustainability disclosure, with staggered implementation dates over reporting years from 31 December 2023 to 2025. The Group has chosen for early adoption of these Enhanced Sustainability Disclosures, effective from this present report.

In the making of this report, the Group applied the principles and standards specified in the updated Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia, the recommendations of the 'Task Force on Climate Related Financial Disclosure' (TCFD); and references to the Global Reporting Initiatives (GRI) standards. The Group also draws aspirations from the United Nations' Sustainability Development Goals.

This report provides an overview of the Group's 'Environment, Social, & Governance' (ESG) commitments and activities for the current financial year ended 30 June 2023, and includes data from both the current and previous periods. It is important to note that this report does not replicate general information concerning the Group, its operations, and corporate governance practices, as these details are covered in other sections of the Annual Report. Therefore, this sustainability report should be read in conjunction with the accompanying sections, such as the Chairman's Statement, Management Discussion & Analysis Statement, Corporate Governance Overview Statement, and Statement on Risk Management and Internal Control, to form a comprehensive integrated reporting.

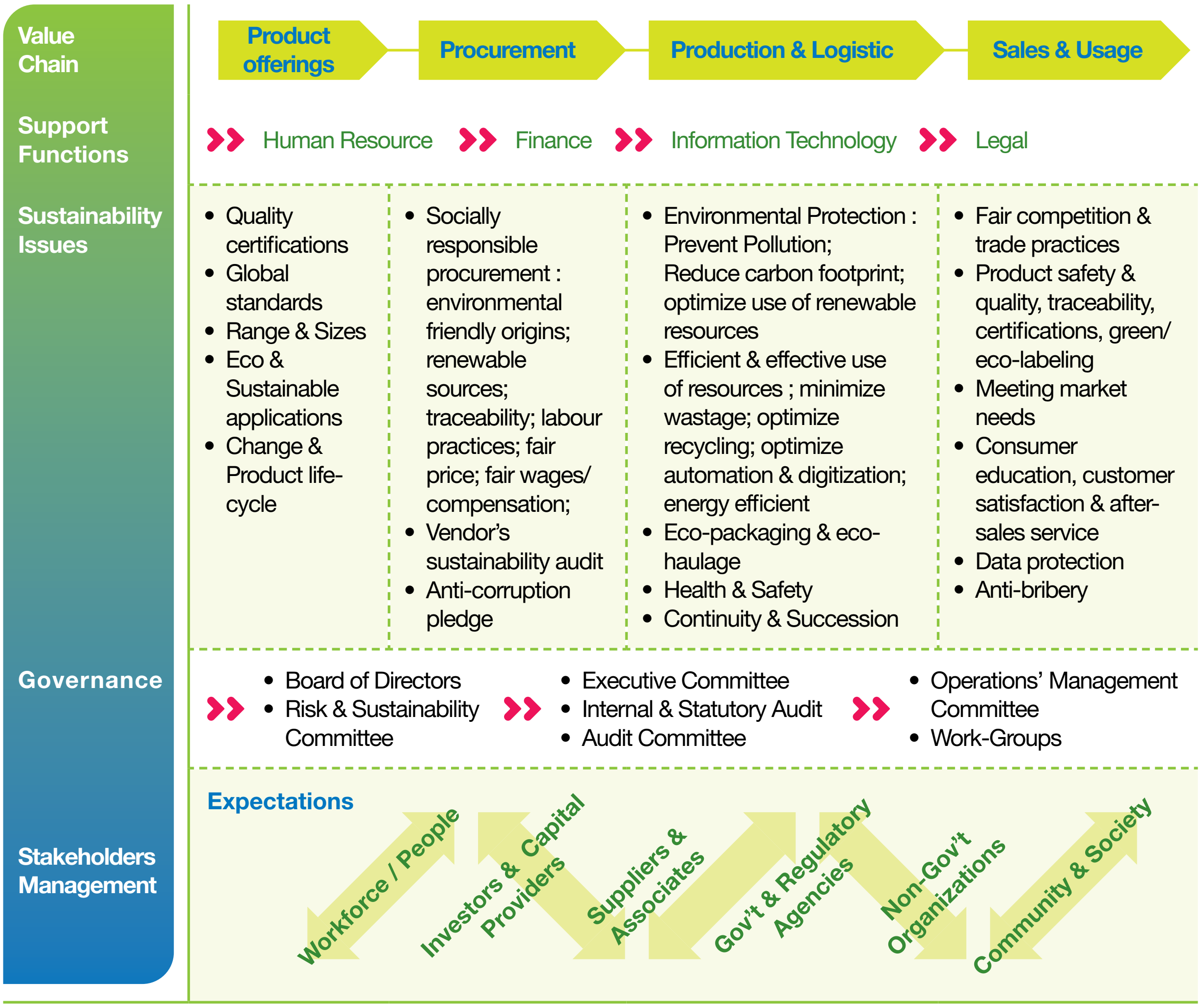
This report has not been subjected to independent assurance in accordance with recognised standards. It includes opinions, references to external sources of information, and unaudited non-financial data. During the current period, the Group's internal auditors conducted audit work on selected 'material sustainability matters' as part of their regular internal audit cycle. Whilst efforts were made by management to ensure non-proprietary data cited are correct and accurate at the time of extraction, 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.

SUSTAINABILITY STATEMENT

A. OVERVIEW

The Group believes that ensuring its ‘economic sustainability’ relies on its enduring capacity to provide value to its customers while also safeguarding the eco-social environment and upholding mutually beneficial relationships with diverse stakeholders. To attain this objective, the Group prioritizes ‘sustainable’ business practices, which revolve around addressing sustainability challenges and fulfilling stakeholders’ expectations across its internal value chain – as outlined in the summarised depiction provided in Illustration 1 below.

Illustration 1



SUSTAINABILITY STATEMENT

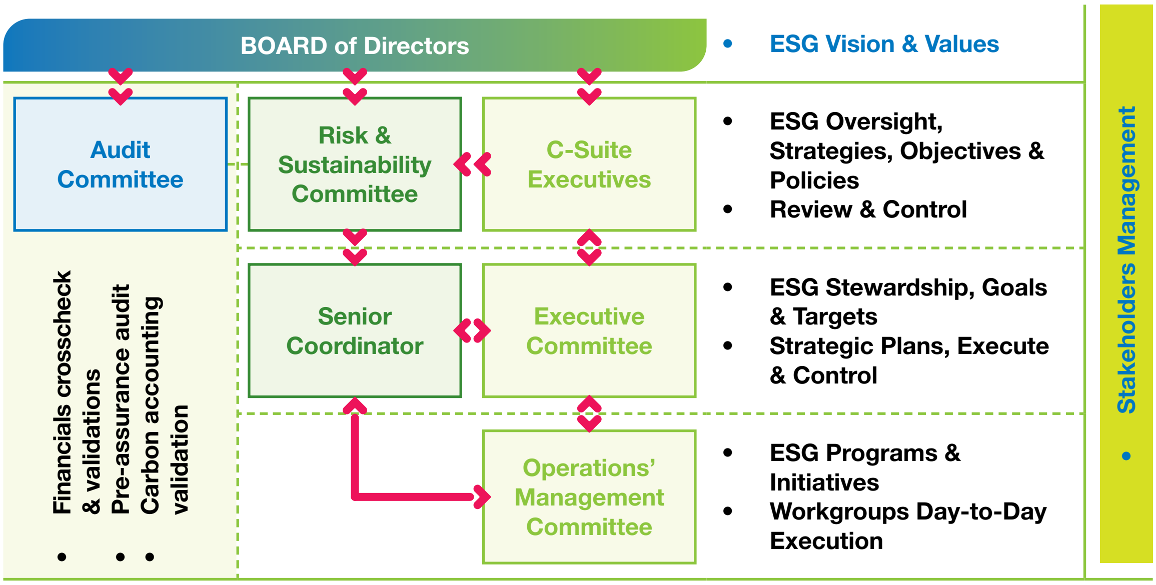
B. GOVERNANCE STRUCTURE & ASSESSMENT FRAMEWORK

1.0 STRUCTURE

Sustainability governance seamlessly integrates into the corporate governance structure of the Group. The Board of Directors holds ultimate responsibility for overseeing the Group's sustainability efforts. This responsibility is exercised collaboratively with the C-Suite Executives through a dedicated 'Risk & Sustainability Committee' (RSC), led by independent directors, as shown in Illustration 2 below. The RSC is entrusted with supervising the Group's risk and sustainability initiatives, including the formulation of overall strategies, objectives, and policies. The RSC convenes quarterly.

The Executive Committee (EXCO) establishes goals and targets in alignment with the ESG objectives and strategies set by the RSC. They work closely with the Operations' Management Committee (MANCO) to implement sustainability initiatives at a strategic level. Both the EXCO and MANCO meet monthly to address a wide range of business and operational matters.

Illustration 2



The Audit Committee (AC), which has oversight responsibilities for statutory and internal audit matters, plays a pivotal role in offering preliminary assurance and validation of the Group's ESG practices, regulatory compliance, and disclosures. The AC convenes quarterly.

Crucially, at all levels, there is a senior executive assigned to coordinate ESG-related tasks. Each level of the Group's hierarchy is empowered to fulfil its specific role in stakeholder management in line with the Group's sustainability priorities and strategic responses.

SUSTAINABILITY STATEMENT

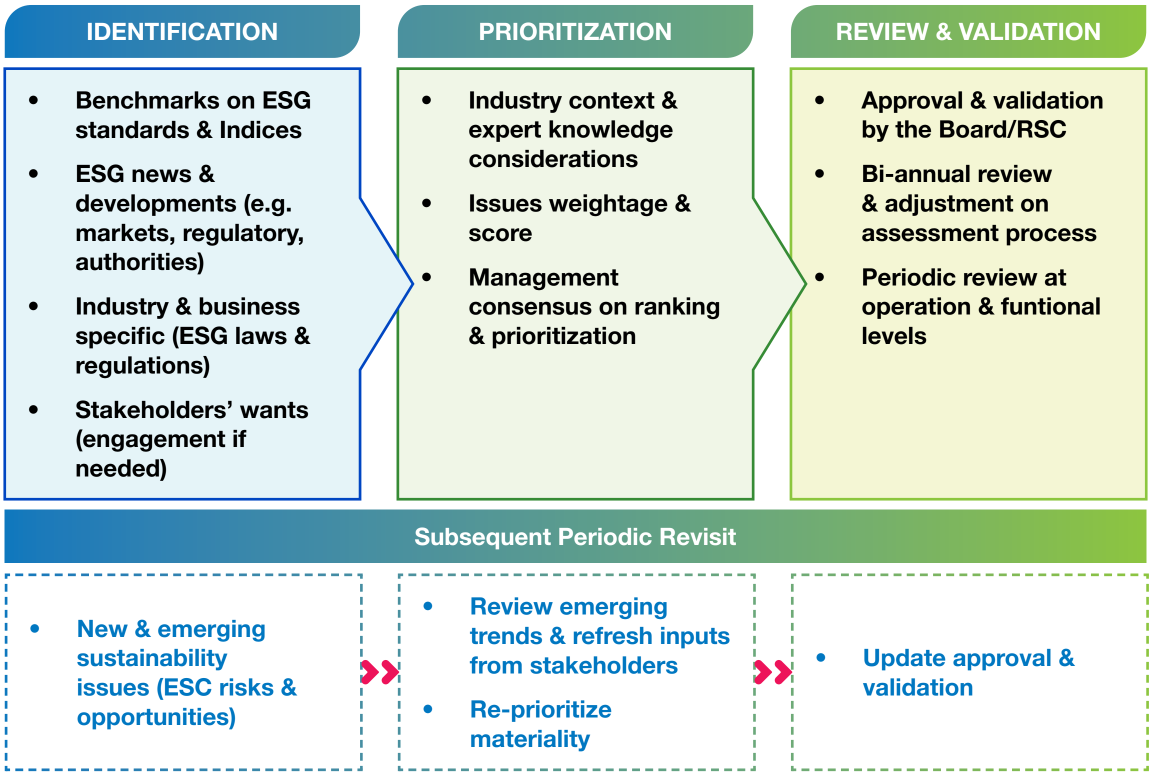
B. GOVERNANCE STRUCTURE & ASSESSMENT FRAMEWORK (CONT'D)

2.0 MATERIALITY ASSESSMENT & STAKEHOLDERS ENGAGEMENT

The Group had undertaken a comprehensive process for identifying, prioritizing, and validating sustainability matters, as shown in Illustration 3, during the first year of its sustainability reporting. In subsequent years, including the current reporting period, the Group consistently identifies emerging sustainability issues and reevaluates the prioritization of existing material sustainability concerns.

It is noteworthy that BURSA's 'Enhanced Sustainability Disclosure' requirements have outlined eleven broad sustainability matters that are considered 'material and common' to all listed companies and are obligatory for inclusion in their disclosures (please refer to Annexture II). The Group previously identified 'material sustainability matters' closely aligned with approximately 90% of those categorised as 'common.'

Illustration 3



The current emphasis on sustainability matters for this reporting period, considering BURSA's universally recognized material sustainability issues, is visually depicted in Illustration 4(a) for steel-related operations and Illustration 4(b) for non-steel operations. Sustainability matters positioned within 'Quadrant 1' and its immediate vicinity are considered material to the Group. These concerns have been categorised into sections that correspond with the upcoming segments of this report. Each of the identified sustainability challenges is addressed with strategies specifically customized to their corresponding quadrant.

Throughout this assessment process, the Group actively involved key stakeholders to gather their input, refining the Group's sustainability prioritization and shaping its strategic responses.

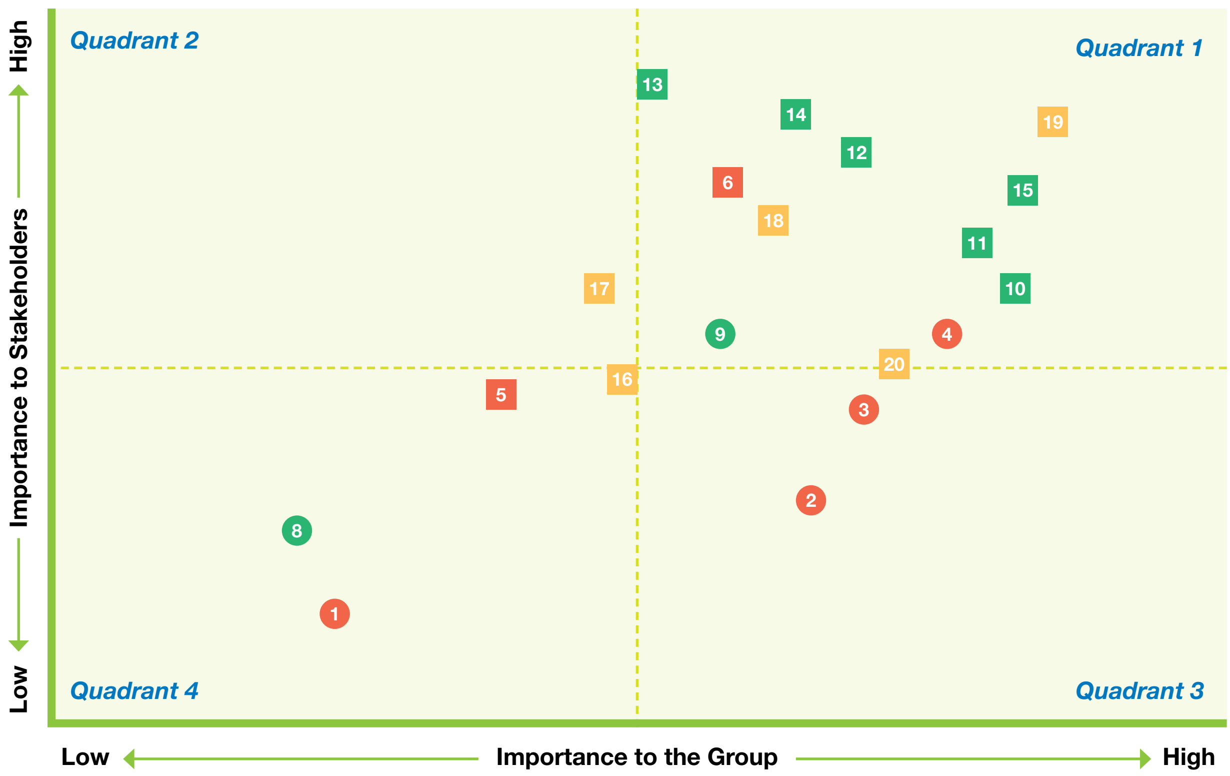
SUSTAINABILITY STATEMENT

B. GOVERNANCE STRUCTURE & ASSESSMENT FRAMEWORK (CONT'D)

2.0 MATERIALITY ASSESSMENT & STAKEHOLDERS ENGAGEMENT (CONT'D)

Illustration 4(a) - Steel-related operations

MATERIALITY ASSESSMENT MATRIX



Common Material Sustainability Matter as prescribed by BURSA

Economic Element	Environment Element	Social Element
1 Life-cycle (Products & Assets)	8 Biodiversity	
2 Green Funding	9 Traceability & Eco-labelling	
3 Customer Value		
4 Fair Trade		

Economic Element	Environment Element	Social Element
5 Data Privacy & Security	10 Supply Chain Management	16 Diversity
6 Anti-Corruption	11 Climate Change	17 Community/Society
	12 Waste Management	18 Labour Practices & Standards
	13 Water	19 Health & Safety
	14 Emissions Management	20 Non-Discrimination
	15 Energy Management	

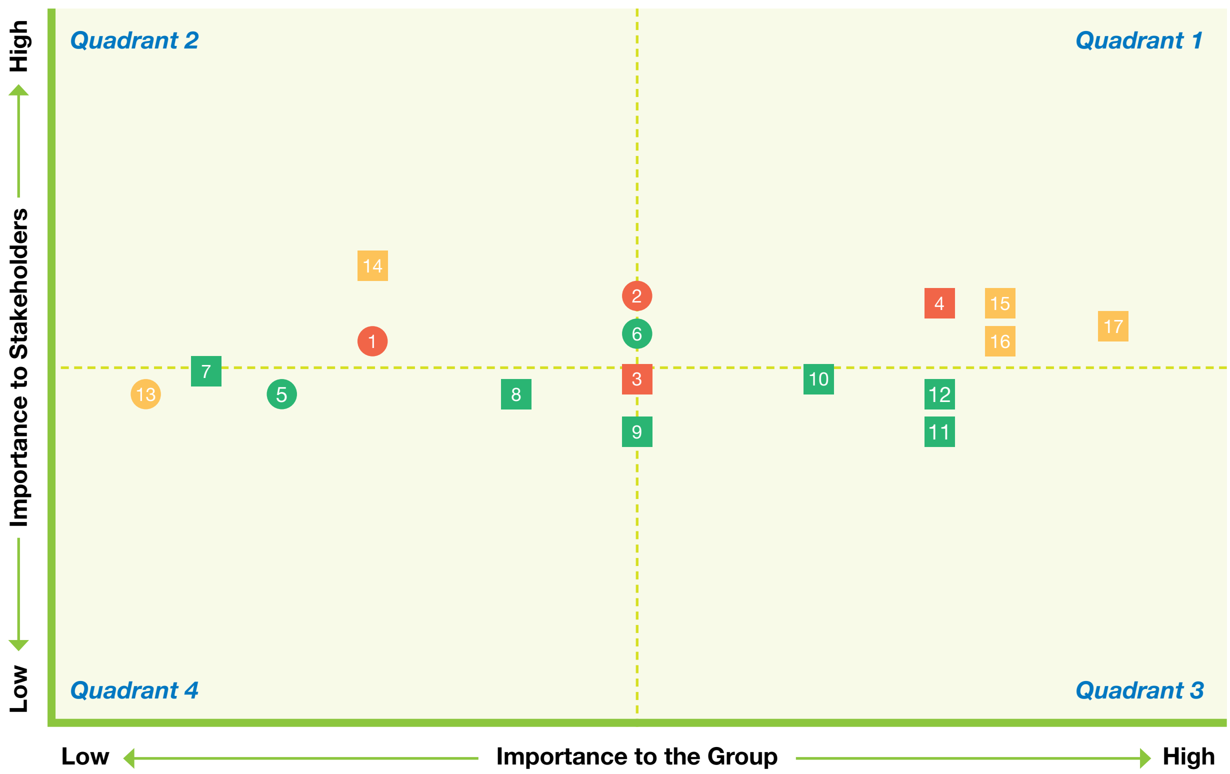
SUSTAINABILITY STATEMENT

B. GOVERNANCE STRUCTURE & ASSESSMENT FRAMEWORK (CONT'D)

2.0 MATERIALITY ASSESSMENT & STAKEHOLDERS ENGAGEMENT (CONT'D)

Illustration 4(b) - Non-steel operations

MATERIALITY ASSESSMENT MATRIX



Common Material Sustainability Matter as prescribed by BURSA

Economic Element	Environment Element	Social Element
1 Anti-Competitive	5 Biodiversity	13 Human Rights Assessment
2 Product Quality & Safety	6 Materials	

Economic Element	Environment Element	Social Element
3 Data Privacy & Security	7 Emissions Management	14 Community/Society
4 Anti-Corruption	8 Climate Change	15 Diversity & Non-Discrimination
	9 Energy Management	16 Labour Practices & Standards
	10 Water	17 Health & Safety
	11 Waste Management	
	12 Supply Chain Management	

SUSTAINABILITY STATEMENT

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES

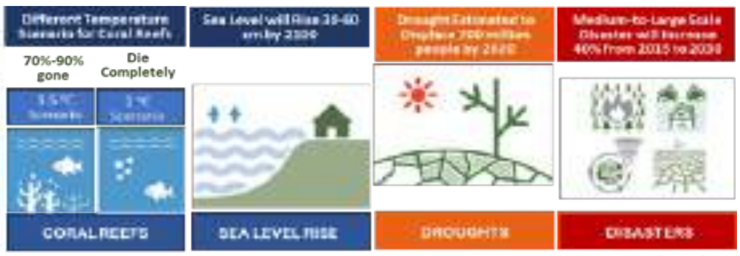
Based on the results of our 'materiality assessment', the Group has outlined the primary clusters of ESG sustainability concerns that are relevant to the Group for the current fiscal year. Many of these material sustainability issues are associated with the Group's steel-related operations, which engage in the manufacturing of goods. In contrast, the Group's other businesses are predominantly service-oriented and have minimal direct environmental impact (refer to Illustration 4(b)).

1.0 CLIMATE & EMISSIONS

1.1 Climate Issues

The top issue is that the world's major carbon emitters are not taking sufficient action to reduce carbon emissions and mitigate the global temperature increase in accordance with the targets set by the Paris Agreement[1] on climate change. The growing areas of intense armed conflicts and geopolitical tensions undermine efforts to address climate change and contribute significantly to increased carbon emissions.

Due to our operational presence in tropical regions, we face climate calamities associated with severe storms intermitted by severe heatwaves and drought. However, it is important to recognize that climate concerns extend beyond these immediate challenges. Until global climate goals are attained and these issues contained, the Group remains exposed to certain climate-related risks.



Source: UN Sustainable Development Goals ***Illustration 5***

1.2 Our Commitment

Our primary commitment revolves around United Nation's Sustainable Development Goals # 13: *'To Take Urgent Actions to Combat Climate Change & Its Impact'*. Target #13.2 emphasizes the need to seamlessly integrate climate change mitigation measures into national policies, strategies, and planning. In this regard, our dedication to climate goals aligns harmoniously with the Nation's medium and long-term goals as shown below.

MALAYSIA's CLIMATE GOALS

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

Long-Term
- To achieve Net Carbon Neutrality by 2050

Our aspiration to achieve carbon neutrality by 2050 also mirrors the net-zero target set forth by the steel sector. The strategies and methodologies underpinning our approach to addressing these climate issues and goals are meticulously detailed in Annexure I, adhering to the prescribed format recommended by the TCFD.

Reference:

1. https://www.iea.org/news/global-CO2-emissions-rebounded-to-their-highest-level-in-history-in-2021

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

1.0 CLIMATE & EMISSIONS (CONT'D)

1.3 Emissions & Our Carbon Footprint

Steel manufacturing processes entail mainly mechanical and motorized equipment with zero to negligible gaseous or fume emission. GHG emission is mainly from the CO^2 equivalent of grid-electricity and natural gas consumed in the production process. Carbon contribution from fossil fuel consumption (such as petrol and diesel) to power vehicles is relatively small (at around 1%). Provided in Table 1 below is our assessment of the various potential types of emissions.

Table 1

Type of Emissions	Checklist/Remarks
GHG : CO^2	Yes. As reported in Scope 1 & 2.
GHG : Others (CH^4, N^2O, HFC^2 ..etc)	No. Zero or too negligible to record.
Ozone-depleting Substances	No. No industrial refrigerant. No discharge of fire-extinguishers.
Nitrogen Oxides, Sulfur Oxides	Negligible traces of NOx from galvanizing burners.
Biogenic CO^2	No usage or production of biogenic materials. Negligible planting.
Fugitive	No incidence of leakage. Periodic system checks.

The steel operations encounter challenges in accurately quantifying their Scope 3 indirect carbon footprint. This difficulty arises from the multifaceted nature of goods and services within their supply chain and the limited capacity of certain suppliers to furnish comprehensive and dependable GHG details. Consequently, the carbon footprint data presented is predominantly derived from Scope 1 and Scope 2 emissions.

The primary contributors to the Group's carbon footprint are grid electricity and natural gas usage (refer Chart 1). To reduce its carbon footprint, the Group has significantly augmented its production and utilisation of renewable energy sources, primarily through the deployment of SOLAR PV systems, over the past three years, as illustrated in Chart 2. This shift towards renewable energy sources has resulted in a decline in carbon emissions over time, as illustrated in Chart 3, which depicts the decrease in the Group's net total carbon emissions from FY2021 to FY2023.

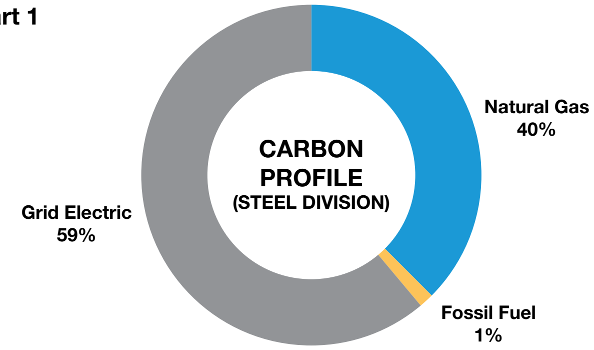
SUSTAINABILITY STATEMENT

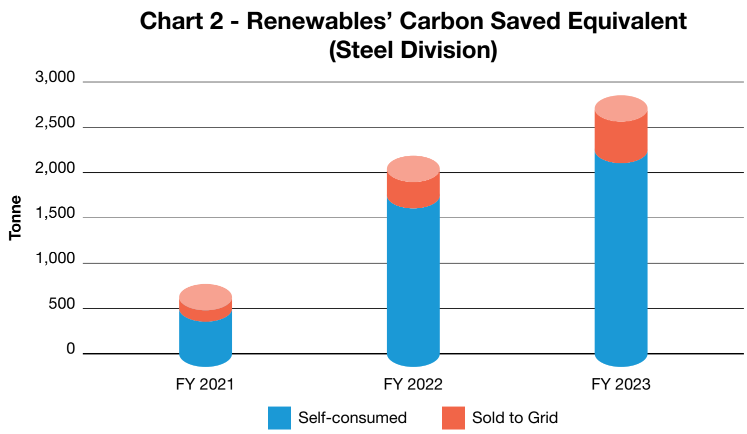
C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

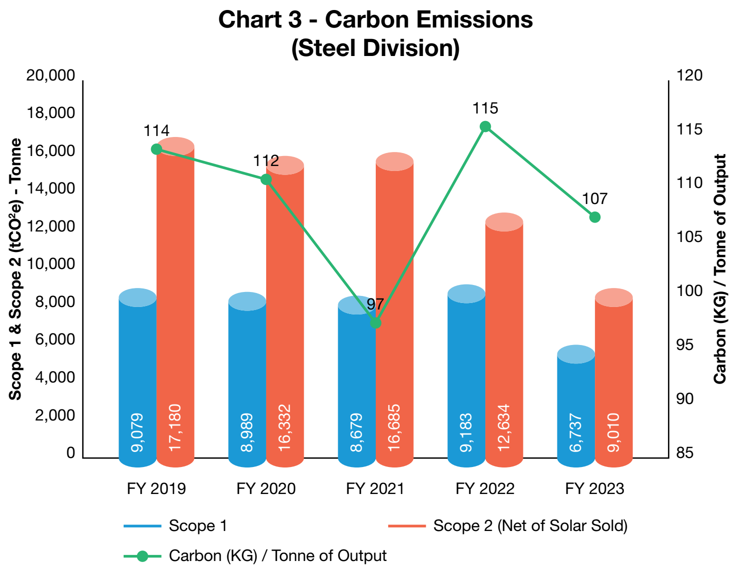
1.0 CLIMATE & EMISSIONS (CONT'D)

1.3 Emissions & Our Carbon Footprint (Cont'd)

Chart 1







C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

1.0 CLIMATE & EMISSIONS (CONT'D)

1.3 Emissions & Our Carbon Footprint (Cont'd)

To provide a more equitable measure of carbon footprint, the Group analyse it on a 'per-unit-output' basis, as demonstrated in Chart 3 above. Overall, the Group's carbon footprint is on a reducing trend. Its carbon footprint in FY2021 was exceptionally low at 97 kg per tonne of output, attributable to the economies of scale derived from its record high production volumes. The ensuing years in FY2022 and FY2023 registered higher per-unit carbon footprint due to lower production volumes. Despite that, the Group managed to achieve a 7% lower carbon footprint per unit in FY2023 when compared to the preceding period. Nevertheless, our ability to further expand SOLAR power production in the future could be confined by technicalities and limiting policies imposed by the sole power utility provider.

Our roof mounted SOLAR PV system

1.4 Carbon Neutrality Visualization

Our roadmap to carbon neutrality would be highly influenced by the Nation's Energy Transition Roadmap (NETR Part-1 unveiled on 29 July 2023) - as our strategic responses are dependent on the Government's policies (i.e. on energy & emission cost, power tariffs & regulations, etc), investment incentives, and other climate-risks preventive measures.

MALAYSIA's RENEWABLE ENERGY CAPACITY TARGET MIX (CURRENTLY 3.9%)

- **40% by 2035**
- **70% by 2050**

Based on the Government's unveiled plans and our 'carbon profile', we visualized our carbon-zero roadmap to entails a 3-parts strategy as shown in Illustration 6 below. The full transition to renewable energy (in-tandem with the Nation's expansion of renewable energy capacity) could address more than half of our carbon footprint. Our near-term target is to achieve an average 9% reduction every three years to reach neutrality by 2050.

SUSTAINABILITY STATEMENT

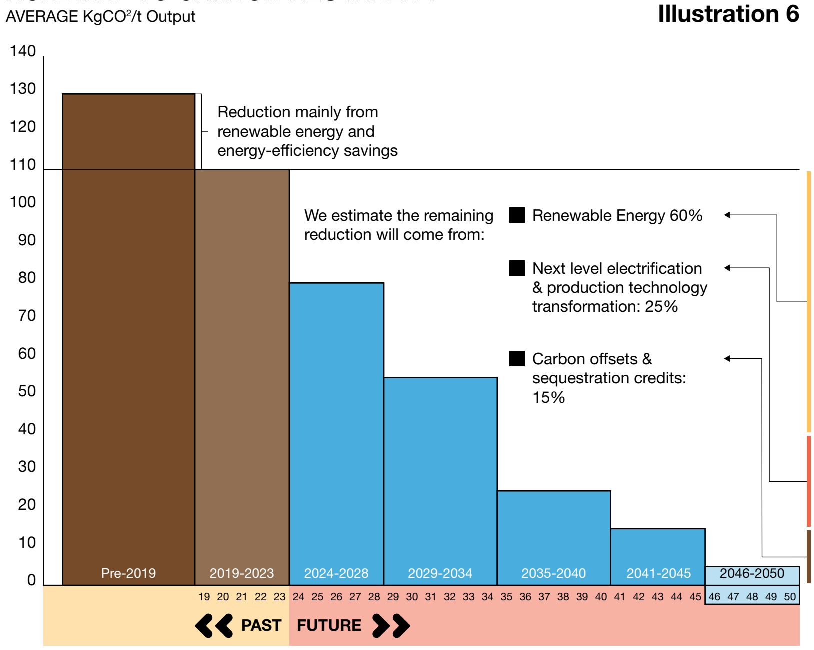
C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

1.0 CLIMATE & EMISSIONS (CONT'D)

1.4 Carbon Neutrality Visualization (Cont'd)

ROADMAP TO CARBON NEUTRALITY

Illustration 6



The path to achieving carbon neutrality must prioritize economic sustainability as its initial step. This will involve addressing various 'cost-return' challenges, as outlined in Table 2 below, which may require some time to iron-out. The granular details of our transition plan will have to be refined along the way.

Table 2

Risk Areas	Challenges
Available of low cost renewable energy	Regardless on which decarbonization route, reliable and affordable renewal energy is an essential prerequisite. The sole power utiity company must be able provide affordable renewable energy and lower the barriers for independent renewable energy production. The current trend is not conducive.
Regulatory & Policy	The Government plans to gradually remove energy subsidies and increase the cost of emissions. The needed incentives to move faster in carbon-zero transition appear lacking, other than to avoid punitive cost.
Technology	Whilst technologies behind solar, wind & hydro renewables are well established and economically viable, enterprise-level battery energy storage & management system remains expensive and inadequate. Renewable energy generated during non-operation hours by private enterprises cannot be economically stored or sold to the nation grid (unless under approved schemes which are either limited or uneconomical).
Markets	When the higher cost of decarbonization cannot be recouped through product pricing in the market, it affects the economic sustainability of the business enterprise. While we constantly engage our customers on the benefits to support sustainable products, we have to compete with cheaper imports from sources not subjected to any or similar sustainability standards.

SUSTAINABILITY STATEMENT

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

2.0 ENVIRONMENTAL STEWARDSHIP

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

The regulatory framework overseeing steel manufacturing operations in Malaysia is governed by the Malaysian Environmental Quality Act and its extensive array of Regulations encompassing emissions, air quality, noise pollution, management of scheduled waste, control of radioactive materials, industrial effluents and gases, sewage management, and licensing requirements.

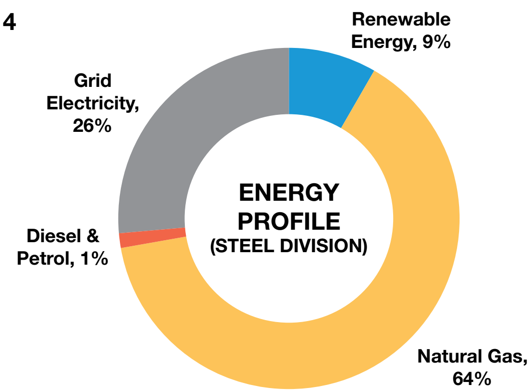
The Cold Rolled Coil and Steel Tube factories are obligated to fulfil numerous rigorous environmental regulatory standards annually. To uphold dependable and continuous environmental stewardship, we have organized our adherence in alignment with the International Organization for Standardization (ISO) 14001:2015, to which our key steel operations hold certification.

The Group is pleased to report that its steel manufacturing operations have successfully cleared all environmental audits conducted by the Department of Environment (DoE) during the current reporting period, with no instances of violations or fines recorded. Further information regarding our management of these critical sustainability aspects is provided below.

2.1 Energy Management

The Group's guiding policy centers on diminishing its reliance on fossil energy sources while enhancing energy consumption efficiency, with the ultimate goal of attaining long-term carbon neutrality. The Group's predominant energy source is natural gas, recognized for its comparatively cleaner attributes among non-renewable energy sources, followed by grid electricity (as illustrated in Chart 4).

Chart 4



Over the past 3 years, we have installed SOLAR PV system in three of our manufacturing factories, yielding an annual renewable electricity output of 4,032 MWh. As of FY2023, solar energy constitutes approximately 9% of the Group's overall power consumption (refer to Chart 4). In the current financial year, we have contracted to expand SOLAR PV generation by an additional 575 MWh annually, reaching the maximum capacity permitted by the sole utility provider for net-metering to the national power grid.

Over the current period, we subscribed for the limited Green Electric Tariff (GET) renewable electricity to supplement our target. However, the Government has recently increased GET pricing by six-folds with effect from 1 August 2023—making it around 10% pricier than fossil tariff inclusive of its 'imbalance cost pass through charge'. We have since discontinued it.

SUSTAINABILITY STATEMENT

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

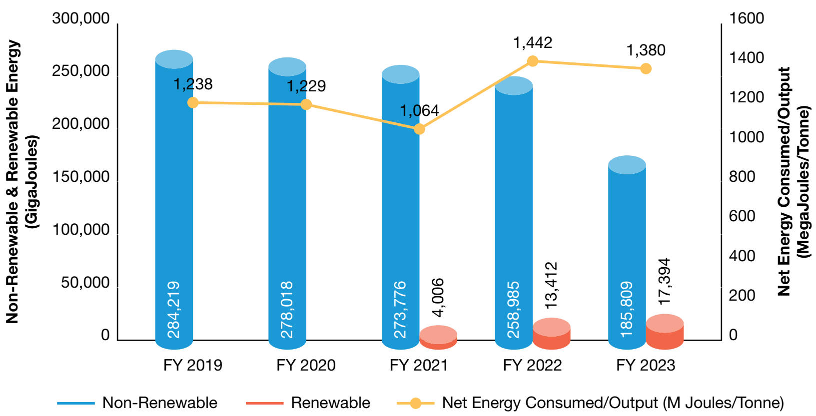
2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

2.1 Energy Management (Cont'd)

Natural Gas continues to play a pivotal role within the NETR framework, owing to its low carbon emissions and clean combustion characteristics, and is anticipated to maintain its position as the Group's top energy source. In our near-to-mid-term strategy, we plan to further advance our commitment to sustainability by (i) increasing our reliance on renewable energy sources through virtual power purchase agreements and optimizing SOLAR power utilization, and (ii) transitioning or replacing hardware to operate on renewable energy, including the adoption of electric/hybrid commercial vehicles and the integration of biodiesel mix.

The steel units will also continue to seek energy efficiency opportunities through its energy-efficiency audits under ISO 50001 to reduce energy consumption. However, the lowering of its 'net-energy consumption per-unit output' is still very much driven by utility-of-scale optimization from larger production volume. The low production volumes in FY2022 and FY2023 have affected that. See Chart 5.

Chart 5 - Energy Consumption (Steel Division)



2.2 Water Management

The Group's guiding policy is to minimize fresh water usage and optimize rainwater harvesting, serving a dual purpose of supplementing our water needs and mitigating the risk of flash floods. In this regard, the Group also supports United Nation's sustainable development goal #6, which aims to *'ensure availability and sustainable management of water and sanitation for all'*.

Within our steel manufacturing operations, a constant supply of piped-in fresh water is indispensable for various production processes, including cooling towers, dilution of coolants and acids, and process-baths. Many of these processes cannot feasibly substitute fresh water with rainwater. However, wherever practical, the Group has implemented measures to optimize rainwater usage, such as in sanitation flush systems, general cleaning, lawn irrigation, and effluent treatment systems. In the current financial year, the Group has successfully harvested and diverted 4.9 folds of its rainwater holding capacity of 310,000 litres for internal use. Wastewater generated during production undergoes on-site treatment to meet Department of Environment (DoE) regulatory standards before being recycled, with any excess discharge directed to drainage.

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

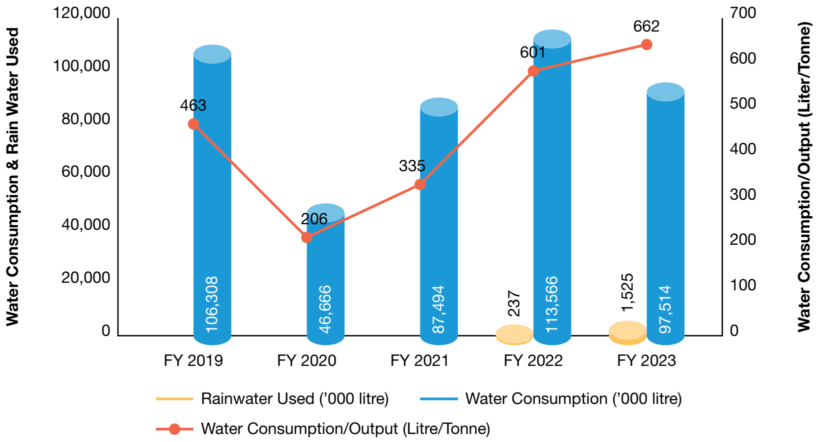
2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

2.2 Water Management (Cont'd)

The Group has observed a 43% increase in water consumption per tonne of output compared to the base year FY2019 (refer to Chart 6). This increase is partly attributed to the diminished utility-of-scale resulting from reduced production output volume in the current fiscal year compared to the base year.

Nevertheless, the Group remains committed to achieving its objectives of minimizing fresh water consumption and optimizing rainwater harvesting and usage in the current fiscal year. In the current financial year, the Group's water consumption totalled approximately 97.5 million litres.

Chart 6 - Water Consumption (Steel Division)



Rainwater Harvesting System at one of the factories

SUSTAINABILITY STATEMENT

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

2.3 Waste Management

The Group's guiding policy revolves around the minimization of waste generation at its source and the adoption of the 5R practice (comprising refuse, reduce, reuse, repurpose, and recycle) to curtail the direct-to-landfill disposal of waste and reduce its environmental footprint. To execute this commitment effectively, the Group systematically segregates waste into distinct categories, aligning them with appropriate disposal methods.

Table 3 below delineates the Group's waste-type classification and the corresponding disposal methods. Items (b) and (c) fall under the category of scheduled waste, recognized as having varying degrees of hazardous properties, in compliance with the Environmental Act. These materials are exclusively entrusted to entities approved and licensed by the Department of Environment (DoE) for proper handling. Item (b) encompasses over ten diverse types of scheduled waste, which undergo incineration, chemical treatment, or repurposing by specialized third-party firms. Item (c) is carbide-lime which is licensed for internal reuse within the Group's water treatment plants. Items (a), (d) and certain items within (b) hold commercial value, and are capitalised upon as a source of income. It is noteworthy that the Group has maintained an unblemished record over the past three years, with no reported incidents of hazardous waste leakage or spillage.

Since absolute waste volume fluctuates with production volume, a more equitable measure is on 'per-unit-output' basis as shown in Chart 7. Over the last two years, the Group has managed to reduce its waste per-unit-output by around 19%.

Table 3

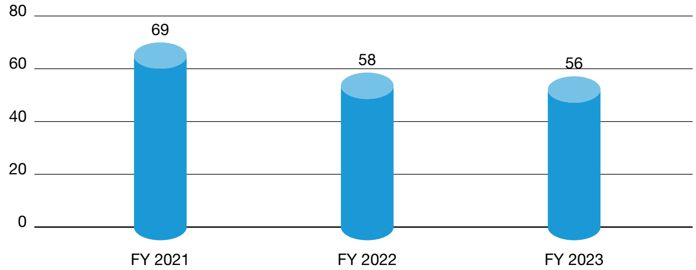
	Waste By Type	Disposal Method	FY2021 Tonne	FY2022 Tonne	FY2023 Tonne
(a)	Steel Scrap	Licensed 3rd Party, Recycle	11,373	8,554	7,129
(b)	Scheduled Waste	Licensed 3rd Party, Professional Disposal (DoE License Facilities)	4,675	1,968	651
(c)	Scheduled Waste	Licensed Own Reuse, Recycle	1,731	216	163
(d)	Segregated Waste (Box, Paper, Plastic, Aluminium)	Licensed 3rd Party, Recycle	8	11	61
(e)	General Waste	Refuse Collection (Sanitary Landfill)	209	206	186
		TOTAL	17,996	10,955	8,190

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

2.3 Waste Management (Cont'd)

Chart 7 - Waste to Output (KG/Tonne) (Steel Division)



2.4 Supply Chain Management

The Group's fundamental policy centers on preventing or mitigating any adverse environmental impacts stemming from both our internal value-chain activities and those within our supply chain.

Supply-Chain Certification

We evaluate all key suppliers based on their sustainability practices, with a specific focus on environmental and labour practices, to ensure their alignment with globally recognized standards before granting them approval to be part of our supplier network. Ongoing assessments of key suppliers' compliance are typically conducted through a combination of annual questionnaires and physical site inspections/audits.

Eco-labelling & Green Certification

As a result of meticulous management of our supply chain's environmentally sustainable practices, combined with our own stringent environmental standards, we can offer our customers eco-traceability for our products. In this context, both our Cold Rolled Coil and Steel Tube divisions hold certifications in accordance with the SIRIM ECO 032:2020 standard and the Green Label certification ISO14024. Consequently, they are authorized to feature Eco-Labelling and MyHIJAU markings on their products.

SUSTAINABILITY STATEMENT

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

3.0 PEOPLE

Our social ambitious is to:

- deliver equitable, safe and quality working lives for our People
- make positive contributions to our communities
- manage a supply chain with like-minded priority for environment and social responsibility

In addition to safeguarding the rights of our employees as stipulated in the Employment Act 1955, the Group strongly upholds the five 'fundamental principles and rights' at work outlined by the International Labour Organization (ILO), which notably encompass and align with the provisions of the aforementioned act.

3.1 Freedom of Association & Collective Bargaining

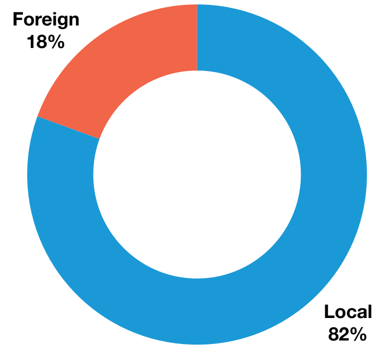
We uphold and acknowledge employees' rights to freedom of association and collective bargaining, as enshrined in the Employment Act, Trade Union Act, Industrial Relations Act, and Immigration Act. Our workforce has the liberty to join or establish trade unions, and as evidence of this, approximately 16% of our factory employees have chosen to become members of the steel industry employees' union. It is noteworthy that any negotiated terms related to compensation and benefits within the collective agreement also serve as a benchmark for non-unionized staff. Over the past decade, our relationship with the employees' union, which represents the national metal industry, has remained amicable, marked by an absence of any disputes or conflicts.

3.2 Labour Composition & Movement

We unequivocally oppose any form of 'forced or child labour' within our workforce. Many of our employees are local citizens, with a 18% inclusion of foreign workers (see Chart 8). Our foreign workers possess valid work permits and are recruited exclusively through licensed agencies. We consistently measure our labour practices against the ILO standards and maintain vigilance to identify any indicators of forced labour within our contractor and agency networks. In cases where accommodations are provided, they fully adhere to the requirements stipulated in the 'Employees' Minimum Standards of Housing, Accommodations, and Amenities Act'. We take pride in the absence of labour issues or disputes in this domain. The workforce 'turnover and hiring' profile, as illustrated in Chart 9 below, demonstrates the freedom of mobility in employment among our staff.

Chart 8

LOCAL VS FOREIGN WORKERS FY2023

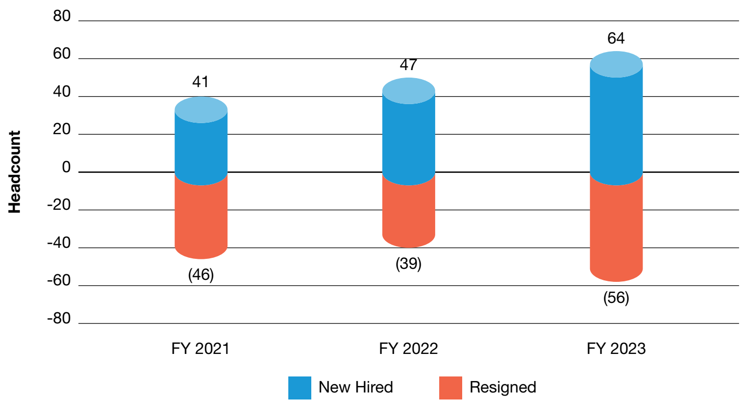


C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

3.0 PEOPLE (CONT'D)

3.2 Labour Composition & Movement (Cont'd)

Chart 9 - Workforce Movement



3.3 Diversity & Non-Discrimination

Our policy mandates the fair and impartial treatment of all employees, irrespective of their race, religion, and gender (within the bounds of societal norms), ensuring a work environment that is free from discrimination and harassment. To maintain the integrity of our operations and uphold high ethical standards, the Group has established a framework for anonymous feedback and grievance procedures. In the current financial period, there have been no reported incidents of discrimination or harassment, nor have any been reported in recent history.

Our workforce reflects a harmonious blend of ethnic diversity, mirroring the racial composition of the country and complemented by foreign workers from three different nationalities (see Chart 10). Beyond the numerous advantages of a multicultural workforce, ethnic diversity affords us flexibility in workforce planning during various festive holidays, and race relations are characterized by unity and cooperation.

Chart 10

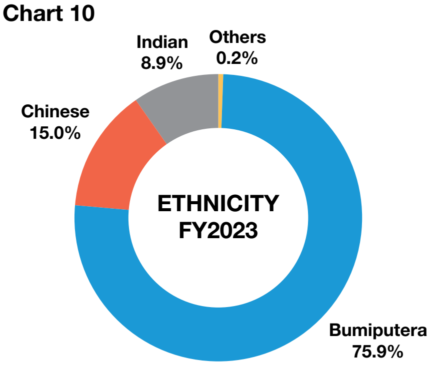
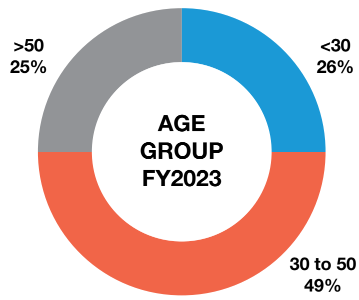


Chart 11



The Group takes great pride in attaining a notable 36% representation of women within the management and executive category. Understandably, female representation is lower in the 'non-executive' category, primarily occupied by factory positions (refer Chart 12).

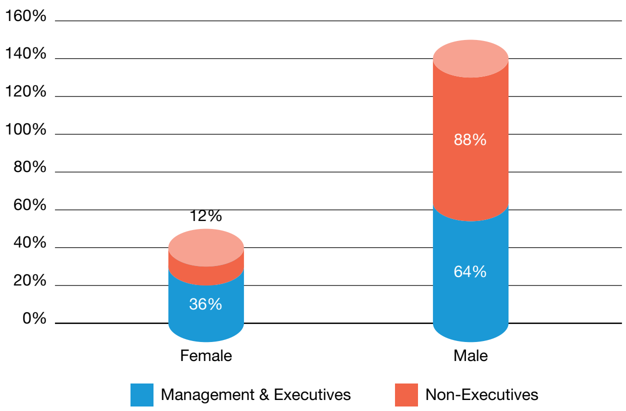
SUSTAINABILITY STATEMENT

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

3.0 PEOPLE (CONT'D)

3.3 Diversity & Non-Discrimination (Cont'd)

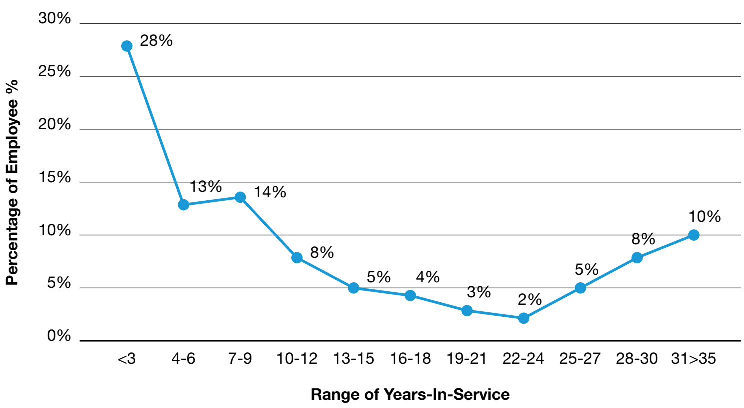
Chart 12 - Gender by Workforce Category FY2023



Our aim is to offer a competitive and sustainable remuneration package to our employees, which extends beyond monetary compensation and benefits (including various allowances, cash incentives, and performance bonuses) to encompass non-monetary perks (such as employee amenities, sports activities, recognition awards, and fellowships). Our employees are viewed as stakeholders and are actively involved in shaping the organization. We categorically reject any form of indentured labour and have benchmarked our practices against international standards. Our workers are free to resign in accordance with contract provisions, in accordance with prevailing labour and immigration laws.

An impressive 72% of the Group's workforce has served the organization for four years or more, as depicted in the 'years-in-service' profile chart provided in Chart 13 below.

Chart 13 - Workforce Years-In-Service FY2023



C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

3.0 PEOPLE (CONT'D)

3.4 Training & Education	We are dedicated to enhancing the skills and knowledge of our workforce. In the current financial year, we invested in 5,471 hours of training to 384 employees, resulting in an average of 13 hours of training per employee. Our comprehensive training program encompasses a wide range of topics, spanning from anti-corruption measures to leadership development.
3.5 Anti-Corruption	The Group's labour practices are founded on fundamental principles of integrity, equity, and responsibility, with a steadfast commitment to preventing any instances of corruption or fraudulent activities. We place particular emphasis on unwavering adherence to the Malaysian Anti-Corruption Act and the diverse capital market regulations and guidelines governing ethical conduct and conflict of interest. As part of our proactive approach, all personnel are required to participate in indoctrination sessions and periodic refresher training. Existing employees engage in this training every two years, while Department Heads and Senior Management partake every three years, further solidifying our commitment to these essential principles. Remarkably, we have achieved 100% training attendance across our entire workforce in this crucial area.
3.6 Health & Safety	Occupational health and safety stand as paramount concerns within our factory operations. We have woven health and safety features seamlessly into our production lines, systems, workflows, procedures, processes, and quality systems. Furthermore, our manufacturing activities are subject to comprehensive regulation under both the 'Occupational Safety and Health Act' and the 'Factories and Machinery Act', which collectively encompass a wide spectrum of regulations, including those related to licensing, machinery maintenance, environmental management, and employee welfare. Our dedicated workforce demonstrates unwavering commitment to compliance with these regulations. In each of our steel units, a Safety & Health Committee, supported by designated officers, diligently oversees initiatives, awareness campaigns, training programs, incident management, and overall compliance. Despite the robust safety measures in place, occasional workplace injuries may still occur due to lapses or complacency. In this context, 'safety' is viewed as an ongoing journey of improvement. Throughout the current fiscal year, we have sustained our efforts through safety awareness initiatives and incentive programs, aiming to drive continuous enhancements in this critical area. The Group recorded 10 'loss-time-injury' cases in the current period which work out to around 1.75 cases per 200,000 manhours worked. This is roughly 17% below the benchmarked national 3-years' average occupational accident rate issued by Occupational Safety & Health Administration (OSHA) Malaysia. See Chart 14. Overall, the Group's frequency-of-injuries rate is on a down trend and below benchmark threshold. Most of the injury cases are minor requiring a few rest days. We do not have any fatal injury cases on record.

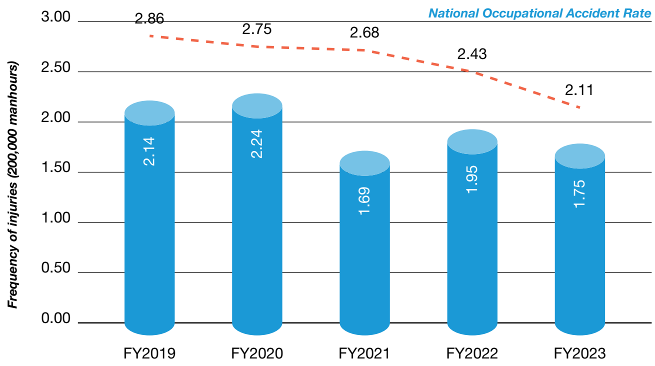
SUSTAINABILITY STATEMENT

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

3.0 PEOPLE (CONT'D)

3.6 Health & Safety (Cont'd)

Chart 14 - Lost Time Injury Frequency Rate



4.0 SOCIAL & COMMUNITY

We firmly believe in fostering meaningful connections with the societies and the communities in which we are embedded, nurturing a mutually beneficial relationship that contributes to long-term sustainability. Our presence extends beyond the confines of our operations, as we rely on these communities for our workforce and access to a broad spectrum of essential services and amenities.

Through thorough assessment and the absence of any complaints, it is evident that our operations have not generated any discernible negative social or environmental impact on the local communities, negating the need for remedial actions. Consequently, our engagement with these communities is primarily geared toward achieving positive social outcomes. To align with this approach, engagement plans and activities are decentralized, with staff volunteers at each operation taking the lead in their execution.

The general approach is to establish rapport with local community- heads, association chiefs, local councils, and alike to better understand local developments, vulnerable groups, their needs and grievances. Through that, we can better gauge and prioritize our social and environmental response to the communities.

For the current period, we carried out eleven (11) engagement activities with selected local communities, vulnerable groups and organizations, expending RM62,640 in the process which directly benefited around 695 recipients.

SUSTAINABILITY STATEMENT
ANNEXURE I

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

TCFD is developed around four core elements and recommendations (i.e. on Governance, Strategy, Risk Management, Metrics & Targets.) Our disclosures herein are in chronological-order of those.

TCFD Recommendations	Our Response
On GOVERNANCE	
i. Describe the Board's oversight of climate-related risks and opportunities	The Board's oversight on the matter is exercised through its Risk & Sustainability Committee (RSC) led by its independent non-executive directors with sitting members from the Group's C-Suite executives (i.e. comprising of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operational Officers (COOs) and Head of Departments (HODs)). The RSC sets the framework and supporting policies to address climate-related issues of the Group. This includes approving or reviewing strategies, objectives, and targets & goals - along with the executives. In each sitting, the RSC will review updates on climate-related risks & opportunities and initiatives (on-going and to be taken) to address the aforementioned. The RSC convenes quarterly.
ii. Describe Management's role in assessing and managing climate-related risks and opportunities	Each C-Suite executive plays complementing functional role, and they meet periodically to drive the management's role in this area via an executive committee (EXCO) and operation level management committees (MANCO). Together, they are responsible for setting the Group's strategies, objectives, and targets & goals in managing climate issues. The Group's CEO provides overall stewardship and guidance in steering the management's direction and progress. The Group's CFO provides oversight on disclosure requirements & compliance, benchmarks & best-practices, financial inputs, measurement & control on climate issues. The COOs and HODs lead the assessment, reporting measures & KPI-targets, projects initiation, and the day-to-day management of climate-issues at the respective operation/ business-unit level. The EXCO and MANCO convene monthly.
On STRATEGY	
i. Describe the climate-related risks & opportunities the organization has identified over the short, medium, and long term	Climate issues are viewed in the time-frame of short (0-2 years), medium (2-5 years), and long (beyond 5 years). In our climate issues assessment, we have considered risks associated with regulations, legal, technology, market, reputation, acute & chronic physical; and their substantive financial or strategic impact (if any). In considering those risks, we have also assumed possible relevant scenarios. **<u>Transition Risks</u>** In the short-term, we do not foresee any material transition risk other than rising expectation for clarity on decarbonization path. In this regard, the Nation has just released part-1 of its net-zero carbon roadmap. We are not impacted by EU's cross border carbon tax coming into force in August 2023. However, in the medium to long-term, the following risks may arise: • Local Carbon Tax might be implemented considering that the domestic voluntary carbon exchange market inaugurated in March 2023 is growing. If our carbon footprint is not significantly reduced by then, we might be compelled to buy carbon-credits for offset or pay carbon-tax (if implemented). However, we assessed that the probability of this happening remains low.

SUSTAINABILITY STATEMENT
ANNEXURE I

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (CONT'D)

TCFD Recommendations	Our Response
On STRATEGY (Cont'd)	
i. Describe the climate-related risks & opportunities the organization has identified over the short, medium, and long term (Cont'd)	**Transition Risks (Cont'd)** • We are near the point where all technically and economically viable initiatives/ investments in renewable energy and green-energy production equipment/ machinery are being exhausted. For instance, we are reaching the point where we cannot to further expand our solar energy footprint due to the domestic power utility company's limitations on the grid load-fault tolerance; its limited quota on net-metering scheme; and its limited quota on 'corporate green power programme'. The nation's Energy Transition Roadmap's outlined renewal energy projects will take some time to materialize. In the interim, consumers' access to affordable renewable energy in the medium term would be limited. The (strategic impact and financial) costs relating to these medium-long term risks cannot be reasonably quantified at this juncture due to the uncertainties on the variables involved. **Physical Risks** All our four factories are in Shah-Alam district, within 18 km radius to West Port-Klang at sea-level. Our factories' lowest elevation is 8 meters above sea-level whilst the highest is at 22 meters. In the short-term, we face risks on property damage and business stoppage due to flash floods and thunder-storms. At the other extreme-end of drought and heatwave, we also face the possibility of production stoppage due to water & power-supply interruptions. Whilst none of the aforementioned physical risks had crystallized in the last 24 months, these had happened before albeit sparingly. However, these risks are covered by insurance. In addition, we have recently established a food processing centre and warehousing facilities situated at Jalan Sungai Tua, Batu Caves, as well as another cooking oil bottling factory in Rawang. It is important to note that neither of these two factories falls within a flood-prone area, and both facilities are comprehensively covered by insurance. Nevertheless, if global warming continues with the current trajectory (breaching the lower and upper limits of temperature rise under the climate control protocol), the frequency and intensity of these risks crystallizing would increase in the medium-long term. It is also very likely that insurance coverage for these risks would be increasingly difficult or costly to procure in the medium-long term. It is difficult to forecast the strategic impact and financial costs arising from the crystallization of these risks. On a worst-case scenario of 1-foot of flood-water immersing our lowest elevation factory, it could result in 20% impairment-loss on inventory and 20% damage-loss on plant & equipment. Based on the carrying value of these as at the close of the current financial period, the financial loss could total to RM 70 million for steel segment. On another worst-case scenario of complete operational shutdown due to these physical risks, the Group's steel segment could potentially lose around RM1.2 million per week.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (CONT'D)

TCFD Recommendations	Our Response
On STRATEGY (Cont'd)	
i. Describe the climate-related risks & opportunities the organization has identified over the short, medium, and long term (Cont'd)	**Opportunities** In the short term, we are still optimizing the opportunities to secure more renewable energy and attain higher energy-efficiencies. In the last 12 months, we have contracted to expand SOLAR power in one of our plants to the maximum allowed of 526 kwp. We have also subscribed for the domestic Power-Utility's limited 'Green Electricity Tariff' allocation of around 180,000 kwh/month. We have also applied to participate in 'corporate green power programme' via Virtual Power Purchase Agreements; and are seeking out for more. In the medium-long term, if the authorities fail to create more renewable energy options at economically feasible prices, we may have to consider investing in external 'certified emission reduction' projects (for carbon-credits) and/or next-level energy-efficient initiatives or energy-storage-systems to reduce our carbon footprint.
ii. Describe the impact of climate related risks and opportunities on the organization's business, strategy, and financial planning	**Business & Strategy** • **Carbon-Zero Roadmap** Our roadmap remains preliminary and laden with assumptions until the Nation executes its carbon-neutral plans, as our strategy and approach hinges on the nation's policies, initiatives, and investments in renewable energy. The limited renewable energy offerings by the sole power utility company constrained by its legacy coal-fired powerplants and grid load-tolerance is a hurdle for businesses' pace of renewable energy adoption. As such, we expect frequent changes and adaptational in our journey towards carbon-zero. • **Supply-Chain** We have tightened assessment & review of key suppliers to ensure decarbonization efforts are progressing according to their disclosed plans. We are also assessing the resources and supporting system required to capture Scope-3 carbon footprint in the future as part of our continuous vendor-assessment program. • **Investments** Policy on new vehicle procurement gives priority to Electric Vehicle (EV) or Plug-In Hybrid Vehicle (PHEV). To meet decarbonization target, we may be compelled to explore investments in 'Certified-Emission-Reduction' projects which are beyond the scope of our business. • **Operations** We have aligned our net-zero goal with the Nation's carbon-neutral target by 2050. For the mid-term target, we set to reduce our carbon footprint by 40% (from 2020 base) by 2040.

SUSTAINABILITY STATEMENT
ANNEXURE I

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (CONT'D)

TCFD Recommendations	Our Response
On STRATEGY (Cont'd)	
ii. Describe the impact of climate related risks and opportunities on the organization's business, strategy, and financial planning (Cont'd)	**Financial Planning** • **Revenue** We have not noticed any material change in customers' buying behaviour tied to concern on climate issues. We assessed that our products remain relevant in the Nation's transition to a low-carbon economy. We also noted that customers are price inelastic and are unwilling to pay any premium for greener steel products. In that regard, we do not expect any significant change in demand or pricing linked to climate-change that would impact our revenue. • **Operating Expenditures & Bottomline** In the Nation's carbon-neutral transition, we expect fossil-energy cost to gradually increase (as subsidies are gradually cut), whilst more green energy options would be offered to consumers at higher cost (to recoup capital investments in renewable energy which is estimated to cost the nation RM637billion up till 2050). Decarbonization will likely come at a higher operational cost that will hit bottom-line, unless these can be passed on to customers. • **Assets & Capital Expenditure** Whilst we do not have any carbon-intensive capital assets, we do have decades old production-equipment that are energy intensive. We estimate that more than 30% (in value) of our depreciable capital assets would be due for replacement in the years leading up to 2050- which would make room for more energy efficient alternatives. We also envisage the need to allocate CAPEX for renewable energy storage solutions (when these become economically feasible) to support long-term zero-carbon goal.
iii. Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios, including a 2°C or lower scenario	In the absence of any impact assessment at the upper-limit 2°C above pre-industrial levels scenario in Malaysia, we adopted probable worse-case assumptions to stress-test the resilience of our strategies. That stress-test scenario assumes (i) frequent & intense flash floods causing disruption to production/business (i.e. logistic cut, absenteeism, etc); (ii) sea-level rise by 1 meter; (iii) frequent & intense heatwave and drought leading to water cuts; & (iv) jump in cost-of-living (i.e. shortage in food and other essentials). Results of that analysis on the resilience of our strategies are: • **Physical Assets** To prevent floods from occurring at our factory (which have ground-level machinery and inventory), we have installed water retention & rain harvesting systems, built embankment, and supplemented with emergency water pumps. These have been proven to be effective in dealing with the great-floods of 2020. We assessed that these measures will continue to be effective under the stressed scenario.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (CONT'D)

TCFD Recommendations	Our Response
On STRATEGY (Cont'd)	
iii. Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios, including a 2°C or lower scenario (Cont'd)	• **Production Stoppage & Emergence Response** Although floods on premises could be prevented, production stoppage is likely to occur if people-commute and goods transportation are immobilized by floods. Production stoppage could also occur due to prolonged water-supply cut arising from drought. However, the risk of these on the Group is mitigated by the fact that its manufacturing operations are dispersed in four locations at different sea elevation served by different routes. Based on the factories' geographic peculiarities, we assessed that it is unlikely production stoppage will occur concurrently at more than one location. The Group has built (and tested) its strategic and financial resilience to deal with similar emergencies over the COVID-Pandemic years where the entire Group and a large section of its industrial-consumers, were subjected to state-wide shutdown over two occasions totalling 18 weeks. The Pandemic's devastating impact (as experienced) could match-up to the worst of climate emergency scenario. • **Cost of Emission vs Cost of Carbon-Neutral** Over time, we envisage the cost of carbon emission is likely to rise whilst the cost to decarbonize (e.g. renewable energy) is likely to become more economically attainable (in tandem with advances in technology & solutions, and utility-of-scale). Decarbonization would accelerate when the latter prevails. Our strategy is to maximize decarbonization where opportunities to do so economically are present; and, to close-off the remaining gap in a paced-manner in-line with external developments. We believe our carbon-neutral goal by 2050 can be met.
On RISK MANAGEMENT	
i. Describe the organization's processes for identifying and assessing climate-related risks	Our approach to climate risks identification & assessment is similar and in-conjunction with our sustainability risk identification and materiality assessment (see page 15) - which are integrated into the Group's risk management framework. **<u>Identification</u>** Identification process is year-round, situational (i.e. based on contemporary developments), and duly embedded into our governance process. To ensure timely and comprehensive identification, we promote subject matter awareness and updates on climate change issues & developments at global level (e.g. UN's Intergovernmental Panel on Climate Change & The World Meteorological Organization) and at national level (e.g. Ministry Of Natural Resources, Environment And Climate Change; & Sustainable Energy Development Authority). In a top-down approach, the Board and Management team constantly identify and review transition and physical risks relating to climate-change.

SUSTAINABILITY STATEMENT
ANNEXURE I

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (CONT'D)

TCFD Recommendations	Our Response
On RISK MANAGEMENT (Cont'd)	
i. Describe the organization's processes for identifying and assessing climate-related risks (Cont'd)	**Assessment** The Board and management team also routinely undertakes systematic assessment of material transition and physical risks relating to climate-change affecting the Group. In this regard, the management through its various committees, work-groups, and functional conducts periodic qualitative and quantitative measures and assessment (i.e. emissions, renewable energy, recycling, etc.) which could include external benchmarks.
ii. Describe the organization's processes for managing climate-related risks	Climate-related risks and opportunities are prioritized based on their importance to the Group and to the relevant Stakeholders (i.e. authorities, people, investors, bankers). On opportunities or solutions (in addressing material climate risks) involving significant resource outlay, we consider the 'economics' dimension in shaping our response. The management works closely with the Board's Risk & Sustainability Committee in driving timely strategic response to managing climate issues. Responses are generally executed by internal functions along with appointed 3rd party solution providers. Progress and KPIs are measured and reported periodically for accountability, control, and (regulatory) disclosures.
iii. Describe how processes for identifying, assessing, and managing climate related risk are integrated into the organization's overall risk	As mentioned, the entire process is similar and is in conjunction with our sustainability governance (see page 14), which are integrated into the Group's risk management framework. The Group's Risk & Sustainability Committee (represented by independent non-executive directors and C-Suite Executives) has overall 'risk & sustainability' oversight responsibilities – which include climate-change issues. At the management level, its Executive Committee (EXCO) and Operations' Management Committee (MANCO) exercise stewardship and executory roles on all 'risk and sustainability' matters. Despite the same framework, structure, and processes, 'climate issue' is managed as a distinct subject matter in reflection of its prominence.
On METRICS & TARGETS	
i. Describe the metrics used by the organization to assess climate related risks and opportunities in line with its strategy & risk management process	We provide annual disclosure on climate-related metrics such as Scope 1 & 2 carbon footprints; fossil-energy & grid-electricity usage; and renewable energy generated (own-used and sold) in our Sustainability Report. Our climate-related metrics are usually measured as per-unit-of-output, since emissions or energy consumptions are correlated with production output volume. Our production output volume could fluctuate significantly from year-to-year in response to demand/sales.

SUSTAINABILITY STATEMENT
ANNEXURE I

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (CONT'D)

TCFD Recommendations	Our Response
On METRICS & TARGETS (Cont'd)	
ii. Disclose Scope 1, Scope 2, and, if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks	Please refer to page 19 and page 21 on the disclosure of our Scope 1 & 2 carbon-footprint. We are unable to reliably measure and provide Scope 3 disclosure due to the complexity involved in our supply-chain which entails cross-border supplies. Besides the significant resources need to undertake such an exercise, many of our suppliers are unable to provide reliable disclosure of their GHG emissions.
iii. Describe the targets used by the organization to manage climate-related risks & opportunities & performance against targets	We are committed to net-zero carbon by 2050 in line with National goal. See page 18. From a 2020 baseline, we aim to reduce our carbon-footprint by 9% every 3 years through transition to renewable energy, reduction in energy consumption from efficiencies, and off-sets with green-credits on residuals. Our preliminary roadmap on page 22 of the main report visualizes our journey. Even-though we cannot reliably measure Scope 3 emission, we have set it a target to engage our key suppliers annually to attain visibility and review of their decarbonization progress.

SUSTAINABILITY STATEMENT
ANNEXURE II

SUMMARY OF DATA & PERFORMANCE TARGETS ON COMMON SUSTAINABILITY MATTERS (CSMs)

These CSMs are addressed in the chronological order as laid-out in BURSA Malaysia's amendments to Practice Note 9 on enhanced sustainability reporting.

CSM Title	GRI Ref	Measures/Indicators
1. Anti-Corruption	205	• % attended awareness training • % attended refresher every 2-3 years • % signed pledge by senior personnel & position exposed to such • Number of complaints/ allegations received • Number of confirmed violations
2. Community / Society	413	• Number of complaints received relating to community • Number of confirmed & outstanding issues • Number of community/ social programs/ engagements
3. Diversity	405	• % of workers by gender, ethnicity & age group • % of directors by gender & age group
4. Energy Management	302	• Net energy consumption per tonne output (mega-joules/tonne) • Renewable energy to total energy consumption (%)
5. Health & Safety	403	• Lost time injury frequency rate (# of cases/200,000 manhours)
6. Labour Practices & Standards	402 404 407 408 409 412	• % of workforce that are contractors • % of workforce that are foreign-workers • Workforce turnover rate (%) • Number of labour, human-rights, or union complaints • Number of substantiated labour, human-rights, or union violations • Training hours per worker
7. Supply Chain Management	204 308 414	• % spending on local suppliers (exclude procurement of raw steel material & equipment where there are no comparable local alternatives) • % suppliers subjected to social & environmental impact assessment/ review (applies only to key suppliers with total transaction value > RM500K/year)
8. Data Privacy & Security	418	• Number of substantiated complaints concerning breaches of customer privacy and losses of customers data
9. Water	303	• Net water consumption per tonne output (Litres/Tonne)
10. Waste Management	306	• Waste disposal to refuse or landfills over total waste generated (%) • Total waste generated per tonne of output (Kg/Tonne)
11. Emissions Management	305	• Scope 1 emissions of CO^2 (Tonnes) • Scope 2 emissions of CO^2 (Tonnes) • Scope 1 & 2 emissions of CO^2 per tonne of output (Kg/Tonne)

NOTE

N1 - In our commitment to transparency and ESG reporting, we acknowledge that certain business divisions (i.e. non-steel related businesses) within our organization currently do not have available actual performance data for ESG metrics. We recognize the importance of comprehensive ESG measurement and reporting and are actively working to enhance our data collection and reporting capabilities across all areas of our operations.

SUSTAINABILITY STATEMENT
ANNEXURE II

Performance Target	Actual Performance FY2021	FY2022	FY2023	Page Reference
100%	50	100	100	Page 31
Open	0	0	100	Section 3.5
100%	0	80	100	
Open	0	0	0	
Zero	0	0	0	
Open	0	0	0	Page 32
Zero	0	0	0	
>5	0	9	11	
Healthy mix & minimise concentration risk at least 1 female director; age <76	Met Met	Met Met	Met Met	Page 29&30 Section 3.3
< 1,400 [N1]	1,064[N1]	1,442[N1]	1,380[N1]	Page 23&24
>5% [N1]	1.44[N1]	4.92[N1]	8.56[N1]	Section 2.1
<National Rate (2.11)[N1]	1.69[N1]	1.95[N1]	1.75[N1]	Page 31&32 Section 3.6
Open	22.4	19.4	21.3	Page 28,29&31
Open	21.1	23.2	21.9	Section 3.1,3.2&3.4
<National Rate (24%)	16.7	11.5	13.0	
Zero	0	0	0	
Zero	0	0	0	
Open	3.1	10.9	12.6	
>70% [N1]	77 [N1]	75 [N1]	80 [N1]	Page 27
100% [N1]	67 [N1]	73 [N1]	80 [N1]	
Zero	0	0	0	Immaterial & not covered
<400 [N1]	335 [N1]	601 [N1]	662 [N1]	Page 24&25 Section 2.2
<5 [N1]	1.2 [N1]	1.9 [N1]	2.3 [N1]	Page 26&27
<70 [N1]	69 [N1]	58 [N1]	56 [N1]	Section 2.3
<8,500 [N1]	8,679 [N1]	9,183 [N1]	6,737 [N1]	Page 19,20,21&22
<12,000 [N1]	16,685 [N1]	12,634 [N1]	9,010 [N1]	Section 1.3&1.4
<100 [N1]	97 [N1]	115 [N1]	107 [N1]	

While we may not have specific data for these divisions at this time, we remain dedicated to our overarching sustainability goals and principles. Our ongoing efforts include developing robust data collection processes, implementing ESG measurement methodologies, and collaborating with relevant stakeholders to gather meaningful data that will enable us to provide a more comprehensive and accurate assessment of our sustainability performance in the future.

We are committed to transparency, continuous improvement, and the responsible management of our ESG impacts, and we will continue to provide updates on our progress in subsequent sustainability reports.

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

BOARD OF DIRECTORS

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

SECRETARY

Lily Yin Kam May
(CCM PC No. 201908001210)
(MAICSA 0878038)

AUDIT AND GOVERNANCE COMMITTEE

Kwo Shih Kang
Chairman

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

Datin Seri Raihanah Begum binti Abdul Rahman
Member

REGISTRAR & TRANSFER OFFICE

Trace Management Services Sdn Bhd
Suite 11.05, 11th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03-6252 8880
Telefax No. : 03-6252 8080
Email : lily@crestcorp.com.my
: prabu@crestcorp.com.my

REGISTERED OFFICE

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Email : lily@crestcorp.com.my
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273A, Jalan Medan Tuanku
50300 Kuala Lumpur
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Telefax No. : 03-2693 4475

Noor Amran & Co
A-27-1, Level 27
Tower A, Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur
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Telefax No. : 03-2282 9881

AUDITORS

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Chartered Accountants
Level 10, KPMG Tower
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47800 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7721 3388
Telefax No. : 03-7721 3399

PRINCIPAL BANKERS (IN ALPHABETICAL ORDER)

- Ambank (M) Berhad
- Bangkok Bank Berhad
- CIMB Islamic Bank Berhad
- HSBC Amanah Malaysia Berhad
- Malayan Banking Berhad
- Maybank Islamic Berhad
- OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code 3778

WEBSITE

www.melewar-mig.com

E-MAIL

enquiry@melewar-mig.com

CORPORATE GROUP STRUCTURE

AS AT 24 OCTOBER 2023

MELEWAR INDUSTRIAL GROUP BERHAD

(Reg. No. 196901000102 (8444-W))
Property Investment and Investment Holding
(Main Market Listed)

- **74.13% Mycron Steel Berhad**
  Investment Holding and Provision of Management Services to Subsidiaries
  Main Market Listed
  - **100% Mycron Steel CRC Sdn Bhd**
    Manufacturing and Trading of Steel Cold Rolled Coils
  - **100% Melewar Steel Tube Sdn Bhd**
    Manufacturing and Trading of Steel Tubes and Pipes
  - **100% Silver Victory Sdn Bhd**
    Trading and Export 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
  - **100% 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.

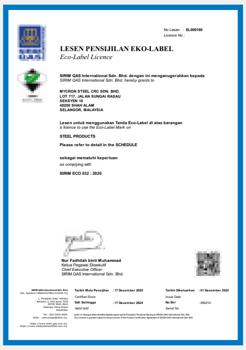
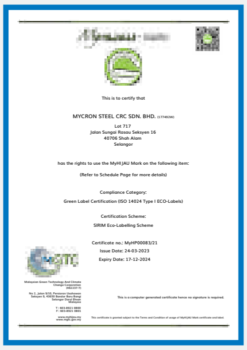
SIRIM ISO 9001 : 2015

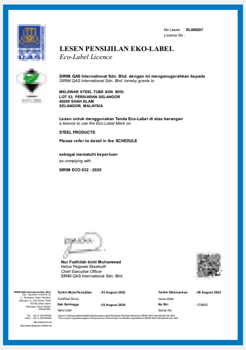
In September 2016, MCRC obtained product certification by SIRIM in recognition of its product quality compliance against the Malaysian Standard (MS 2651 : 2015) and Japanese Industrial Standards (JIS G3141 : 2011). MCRC's products are verified, tested, and confirmed, in meeting the parameters covered 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

On the environment front, both operating sub-subsidiaries 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 SIRM Eco-Label Licence for all three of its manufacturing plants since August 2022 and MyHIJAU Mark since September 2022.



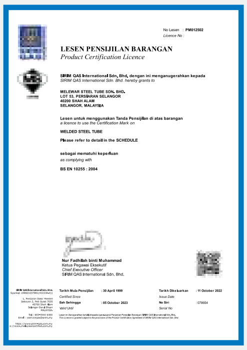




QUALITY RECOGNITION

MST is also 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, as well as 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

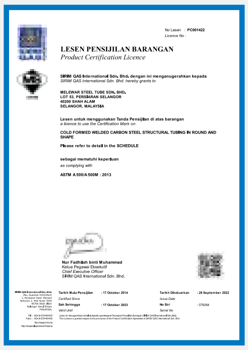
British Standard
- BS EN 10255 : 2004 for Welded Steel Tube


LESEN PENSIJILAN BARANGAN
Product Certification Licence

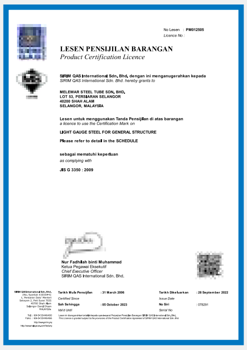
British Standard
- BS 31 : 1940 for Steel Conduit for Electrical Wiring


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence

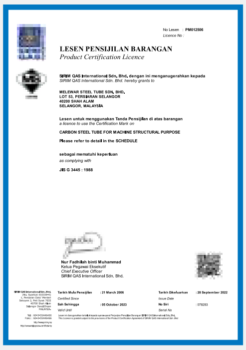
American Standard
- ASTM A 500/A 500M : 2013 for Cold Formed Welded Carbon Steel Structural Tubing in Round and Shape


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence

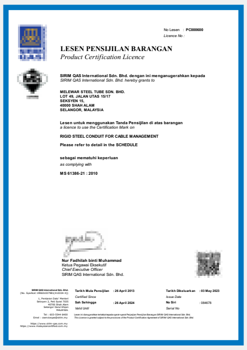
Japanese Standard
- JIS G 3445 : 1988 for Carbon Steel Tube for Machine Structural Purpose


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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

QUALITY RECOGNITION

Malaysian Standards:


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence

MS 863 : 2010 for Welded Steel Pipe


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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

Other Certifications:


PERAKUAN PEMATUHAN STANDARD
(BAHAN BINAAN)

CIDB Registered Products
- Cold Formed Welded Structural Hollow Sections


PERAKUAN PEMATUHAN STANDARD
(BAHAN BINAAN)

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


CERTIFICATE OF CONFORMITY OF FACTORY PRODUCTION CONTROL

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


Certificate of Conformity of Factory Production Control

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

Malaysian | Aged 63 | 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") and Non-Executive Chairman of KNM Group Berhad ("KNM").

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, Turiya 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 Batteries Limited (listed in Australia), Chase Perdana Sdn Bhd and several other private limited companies.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees of Yayasan Amal Maaedicare, The Budimas Charitable Foundation and Registered Trustees of the Joseph William Yee Eu 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 60 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

AZLAN BIN ABDULLAH

Non-Independent Non-Executive Director

Male | Aged 65 | Malaysian

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 Berhad 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 60 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

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH

Non-Independent Non-Executive Director

Malaysian | Aged 62 | Male

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

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

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

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

Tunku Yahaya also sits on the Board of Trustees of Yayasan Amal Maaedicare and The Budimas Charitable Foundation.

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

DATIN SERI RAIHANAH BEGUM BINTI ABDUL RAHMAN

Independent Non-Executive Director

Female | Aged 61 | Malaysian

- 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, 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 for practitioners 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

KWO SHIH KANG

Senior Independent Non-Executive Director

Malaysian | Aged 63 | 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 was 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

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

Independent Non-Executive Director

Male | Aged 68 | Malaysian

- 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.

Dato' Dr. Ghandhi holds a MBBS degree from Mysore University, India. In 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 had 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

Malaysian | Aged 63 | Male

Tunku Dato' Yaacob Khyra is the Executive Chairman of the Company and was appointed to the Board of Directors of the Company on 7 October 2002. He was the Group Managing Director/Chief Executive Officer of the Company since 11 October 2002 before being re-designated as the Executive Chairman on 26 August 2008. His personal profile is listed in the Profile of Directors on page 48 of this Annual Report.

CHAN LOO LING
Chief Financial Officer

Malaysian | Aged 41 | Female

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

Male | Aged 63 | Malaysian

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

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 30 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.

MOHD SILAHUDDIN BIN JAMALUDDIN

Chief Business Development Officer

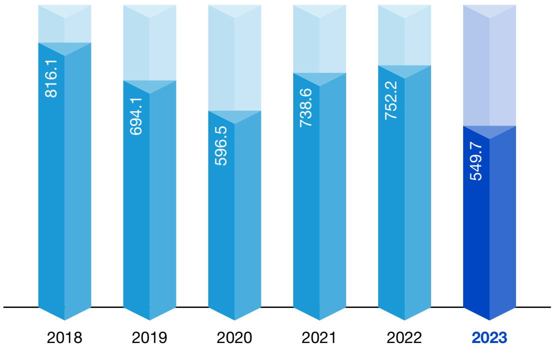
GROUP FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022	2023
Results of Operations						
Revenue (RM mil)	816.1	694.1	596.5	738.6^	752.2	549.7
Profit/(Loss) Before Tax (RM mil)	11.2	29.8	(3.7)	71.9^	60.9	(18.5)
(Loss)/Profit After Tax (RM mil) Attributed to Owners of the Company	(0.7)*	30.8*	(1.4)*	44.7*^	35.0*	(13.3)*
Balance Sheet						
Share Capital (RM mil)	227.0	250.2	250.2	250.2	250.2	250.2
Shareholders' Fund (RM mil)	247.9	325.4	325.5	370.8	410.0	409.6
Total Assets (RM mil)	777.6	732.6	692.5	780.0	889.0	751.6
Financial Ratio						
Return on Equity (%)	(0.3)	9.5	(0.4)	12.1^	8.5	(3.2)
Debts#/Equity (Times)	0.59	0.37	0.31	0.24	0.28	0.32
Current Assets/Current Liabilities (Times)	1.1	1.4	1.5	1.8	1.8	2.4
Pre-Tax Profit/(Loss)/Average Shareholders' Fund (%)	4.6	10.4	(1.1)	20.7^	15.6	(4.5)
Pre-Tax Profit/(Loss)/Revenue (%)	1.4	4.3	(0.6)	9.7^	8.1	(3.4)
Per Share						
Gross Earnings/(Loss) Per Share (Sen)	5.0	8.3	(1.0)	20.0^	17.0	(5.1)
Net (Loss)/Earnings Per Share (Sen)	(0.3)	8.6	(0.4)	12.4^	9.8	(3.7)
Net Assets Per Share (RM)	1.10	0.91	0.91	1.03	1.14	1.14
Dividends						
Ordinary Dividend (Sen)	-	-	-	2.23	-	-

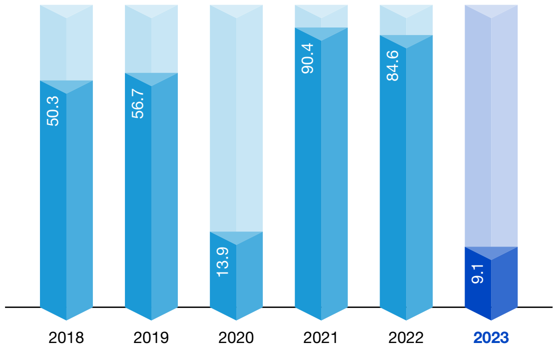
** Profit After Tax and After Non-Controlling Interests*
^ Include both continuing and discontinued operations
 # Debts include interest bearing trade payables

GROUP FINANCIAL HIGHLIGHTS

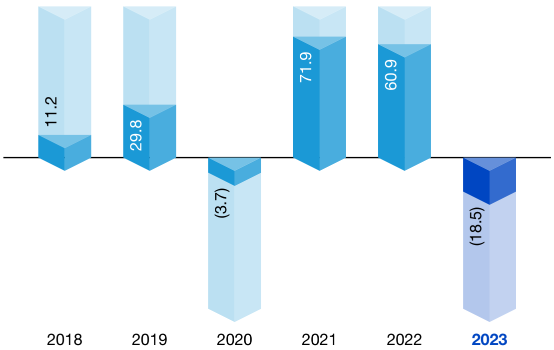
REVENUE
RM' million



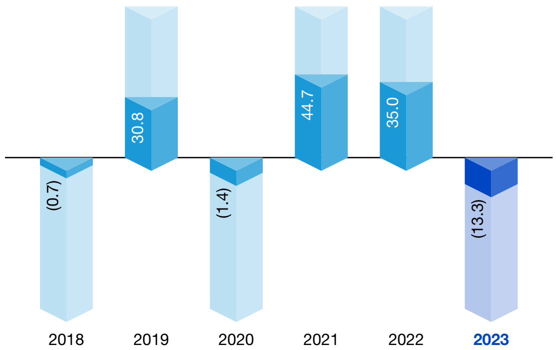
EBITDA
RM' million



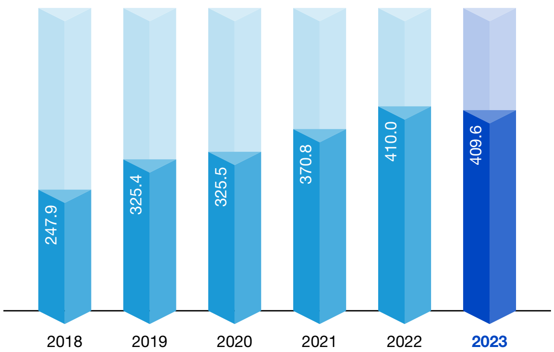
PROFIT/(LOSS) BEFORE TAX
RM' million



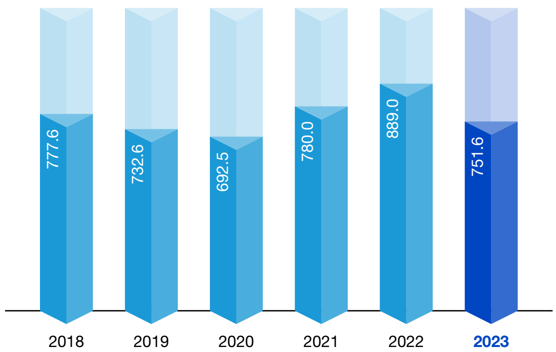
(LOSS)/PROFIT AFTER TAX
RM' million



SHAREHOLDERS' FUND
RM' million



TOTAL ASSETS
RM' million



ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023

Total Number of Issued Shares	-	359,456,103
Class of Shares	-	Ordinary Shares
No. of Shareholders	-	9,097
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	918	10.09	31,052	0.01
100 - 1,000	943	10.37	569,741	0.16
1,001 - 10,000	4,474	49.18	22,536,584	6.27
10,001 - 100,000	2,465	27.10	80,589,312	22.42
100,001 and below 5% of issued shares	294	3.23	91,349,681	25.41
5% and above of issued shares	3	0.03	164,379,733	45.73
TOTAL	**9,097**	**100.00**	**359,456,103**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 29 SEPTEMBER 2023

No.	Name	No. of Shares Held	[a]% of Shares
1.	RHB Nominees (Tempatan) Sdn Bhd (Beneficiary: OSK Capital Sdn Bhd for Melewar Khyra Sdn Bhd)	104,000,000	28.93
2.	Melewar Equities (BVI) Ltd	30,379,733	8.45
3.	RHB Nominees (Asing) Sdn Bhd (Beneficiary: OSK Capital Sdn Bhd for Melewar Equities (BVI) Ltd)	30,000,000	8.35
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)	2,010,100	0.56
7.	Er Soon Puay	1,565,900	0.44
8.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Chan Kam Fut)	1,350,000	0.38
9.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Macrovention Sdn Bhd)	1,320,000	0.37
10.	Mohamed Nizam bin Mohamed Jakel	1,317,600	0.37
11.	Choo Ghee Sek	1,275,000	0.35
12.	CIMB Group Nominees (Asing) Sdn Bhd (Beneficiary: Exempt an for DBS Bank Ltd)	1,246,300	0.35
13.	Yeoh Phek Leng	1,218,000	0.34

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023

No.	Name	No. of Shares Held	[a]% of Shares
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Chong Yiew On)	1,153,400	0.32
15.	Ting Siik Siew	1,087,400	0.30
16.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Lim Kim Ong)	1,080,000	0.30
17.	Ong Teck Peow	1,053,000	0.29
18.	Tan Ah Sim @ Tan Siew Wah	1,000,000	0.28
19.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Lee Kah Weng)	1,000,000	0.28
20.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Adrian Kueh Chin Loong)	1,000,000	0.28
21.	Leow Soon Seng	1,000,000	0.28
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Yap Kah Chin)	950,000	0.26
23.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Yeoh Joey Keng)	944,000	0.26
24.	Tan Tee Soo	780,000	0.22
25.	Thong Weng Tim	716,700	0.20
26.	Boo Kwie Liang	704,800	0.20
27.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Ku Kian Yong)	680,000	0.19
28.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Ng Saw Thong)	635,000	0.18
29.	Kenanga Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Chia Boon Lim)	601,600	0.16
30.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Quek Mooi Kheng)	600,000	0.16
	TOTAL	**197,112,533**	**54.84**

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.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2023

Name	Number of Shares Held			
	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	16.8	-	-
Melewar Khyra Sdn Bhd ("MKSB")	104,382,731	29.04	-	-

DIRECTORS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

Name	Number of Shares Held			
	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.

[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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Melewar Industrial Group Berhad ("MIG" or "the Company") recognises and acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance. The Board is fully committed to maintaining high standards of corporate governance practices throughout the Company and its subsidiaries ("the Group") to sustain the performance and protect and enhance long-term shareholders' value and stakeholders' interest.

This Corporate Governance Overview Statement ("CG Overview Statement") describes how the Group has adopted and applied the principles and best practices as set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Companies Act 2016 ("CA"), and the Malaysian Code on Corporate Governance 2021 ("MCCG") for the financial year ended 30 June 2023.

This CG Overview Statement is also prepared in compliance with Paragraph 15.25(1) of the MMLR of Bursa Securities and should be read together with the Corporate Governance Report ("CG Report") of the Company which is published on the Company's website at www.melewar-mig.com/investorsinfo_annualrep.html as well as 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 overview of the CG practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the FY2023 are as follows:

Principle A	Principle B	Principle C
Board leadership and effectiveness	Effective audit and risk management	Integrity in corporate reporting and meaningful relationships with stakeholders
• Board responsibilities • Board composition • Remuneration	• Audit and Governance Committee • Risk management and internal control	• Engagement with stakeholders • Conduct of general meetings

The Board has assessed that the Group has complied with the provisions and applied the main principles of MCCG except for:

(i) Practice 1.3 (The positions of Chairman and Chief Executive Officer ("CEO") are held by different individuals)

(ii) Practice 8.2 (The Board discloses on a named basis the top 3 senior management's remuneration in bands of RM50,000)

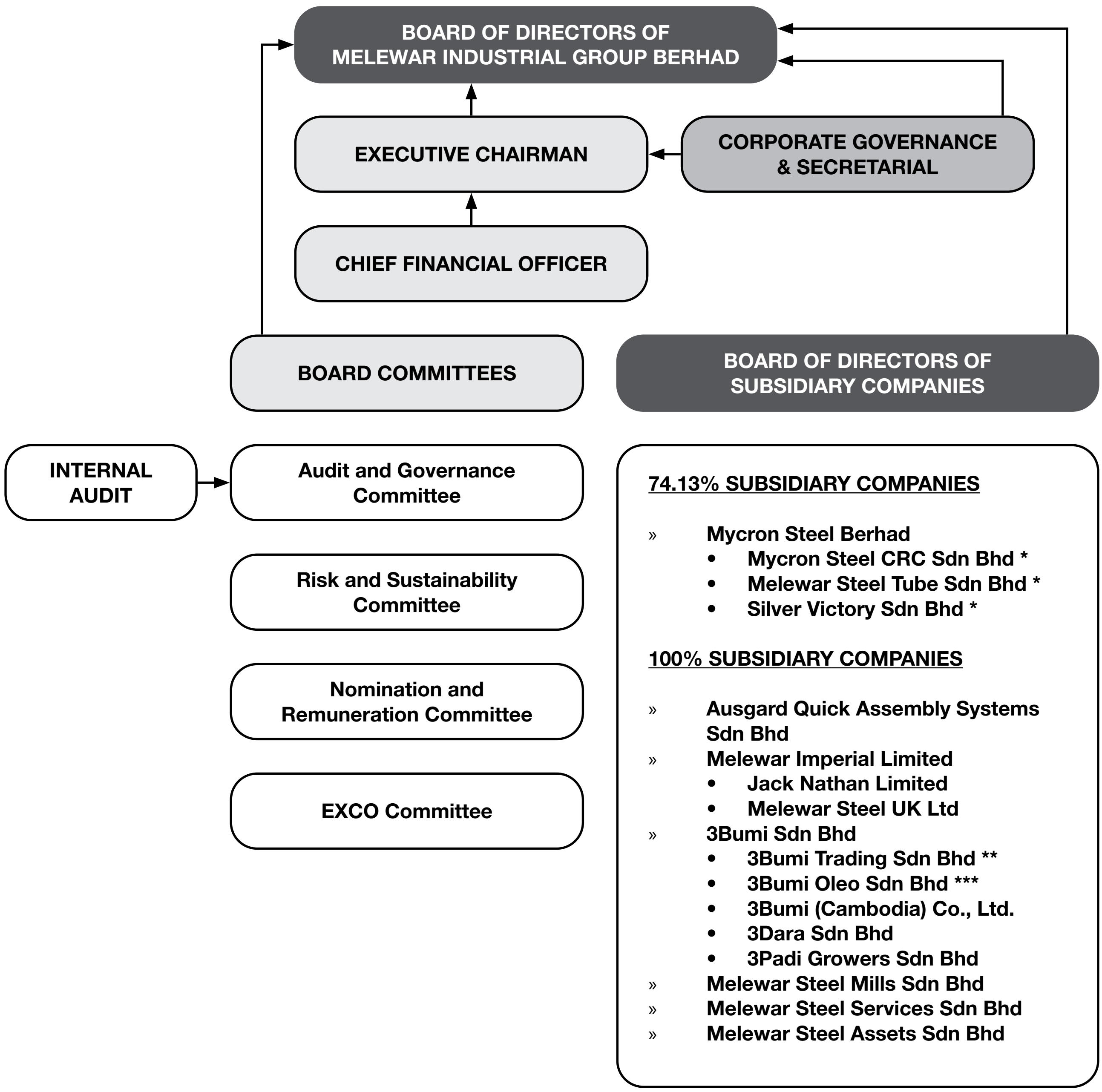
(iii) Practice 8.3 (Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis)

The occurrence of deviations to the practice by the Group with the reasons and alternative actions are explained in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

MIG'S GROUP CORPORATE GOVERNANCE FRAMEWORK

Our Group Corporate Governance Framework which was formalised and adopted on 31 May 2022, which is set out below, is vital in supporting the practise of CG throughout the organisation.



Note: * 100% subsidiary
** 90% subsidiary
*** 80% subsidiary

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 provide effective oversight and leadership and 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 minuted 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 recognises the importance of identifying and retaining talent as key factor to the Group's continued growth and success. The Succession Planning Policy adopted by the Group is intended to provide a general method to help the Group develop and implement its own succession planning process. The Succession Planning Policy is also to ensure continuity of key management positions that exert critical influence on organisational activities, either operationally, strategically or both. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.2 Separation of Roles and Responsibilities of the Chairman and the CEO

(i) Chairman and CEO

The Board has always made the distinction that the position of the Chairman and CEO does not reside with the same person to ensure organisational check and balance for better governance. There is a clear and separate division of responsibility in the roles and duties of the Chairman and CEO. These are enshrined in the Board Charter, which has been reviewed and updated to be in line with the practices of MCCG and is made available in the Company's website.

(ii) Chairman

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

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

(iii) 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.

(iv) Chairman of the Board in Board Committees

The Company has adopted Practice 1.4 of the MCCG as Tunku Dato' Yaacob Khyra is not a member of any of the Board Committees.

(v) Suitably Qualified and Competent Company Secretary

The Board is assisted by a qualified and competent Company Secretary who plays a vital role in advising the Board in relation to the Group's constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and she holds a Practicing Certificate from the Companies Commission of Malaysia ("CCM") and is qualified to act as company secretary under Section 235(2) of the CA.

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 developments to the legislations and the MMLR of Bursa Securities and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

The Company Secretary constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. The Company Secretary has also attended the relevant continuous professional development programmes as required by the CCM or MAICSA for practicing company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretary in discharging her functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 ("CG Framework")

To ensure prudent and effective control of the operations in the Group, the Board adheres to the Group's CG Framework and works to ensure that the Group's CG Framework continues to remain appropriate and reviewed when necessary.

The CG Framework of the Group as illustrated above demonstrates how the Company manages its Group's businesses to achieve its objectives. It also explains how the organisational structure facilitates the roles and functions at each level, with two-way interaction between the Board, the Board Committees and the Executive Chairman, down to the management and operational level. The actions, execution of plans, reporting and accountability will flow back to the Board for further evaluation and decision.

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.

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 CG 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**

  In compliance with Practice 2.1 of the MCCG, the Board has established a Board Charter as a point of reference for Board activities. The Charter clearly delineates the roles, duties and responsibilities of the Board, Board Committees, Directors and Senior Management in order to provide a structured guidance regarding their responsibilities, duties, roles, functions and powers.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.4 **Group Corporate Governance Framework ("CG Framework") (Cont'd)**

- **Board Charter (Cont'd)**

  The Charter also serves as a source of reference and primary induction literature, providing insights to new Board members. Salient features of the Charter are available on the Company's website.

  The Board will review the Charter from time to time to ensure its compliance with relevant rules and regulations and remains relevant and effective. The Charter was last reviewed on 31 May 2022.

  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**

  The Board has adopted a Code of Conduct and Ethics ("Code") which is to instil and inculcate, amongst Directors, management and employees of the Group, a corporate culture which engenders ethical conduct to permeate throughout the Group. The Code sets out broad standards to guide our Directors, management and employees to carry out their duties and responsibilities in an ethical manner covering various elements from, among others, human rights, health and safety, environmental care, company's assets, records and controls to confidentiality, gifts and business courtesies and integrity and professionalism.

  An Employee Handbook, which contains various human resources policies, serves as a guide for Management and employees of the Group and is communicated to all the employees, both new and existing, through training, HR portal and induction programme.

  The Board reviews the Code as and when necessary, to ensure that it continues to be effective.

  The Company's Code is available on the Company's website.

- **Whistleblowing Policy**

  The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. The Company has in place a standalone Whistleblowing Policy and Procedures to provide a channel to enable Directors, Employees, Shareholders, Vendors or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. It also outlines the procedures for reporting a genuine concern on any breach of conduct that are taking place, have taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith.

  The RSC is committed to investigate and address all cases of reported misconduct and determine the channel for investigation and follow-up action. Further details of the Whistleblowing Policy are available on the Company's website.

  For FY2023, the Company did not receive any report or complaint of misconduct from employees, Management, public or stakeholders.

- **Conflict of Interest and Related Party Transactions**

  To assure accountability and prevent conflict of interest in relation to issues that come before the Board, the Company has put in place a Conflict of Interest Policy which applies to all Directors and Employees of MIG and its subsidiaries (including employees on contract terms, temporary staff, and those on internship or secondment). The Group expects all employees to conduct themselves with integrity, impartiality, and professionalism at all times, and to avoid any conflict of interest that may arise in the performance of their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.4 Group Corporate Governance Framework ("CG Framework") (Cont'd)

- **Conflict of Interest and Related Party Transactions (Cont'd)**

  In the case of Directors, this are enshrined in the Board Charter. Directors are reminded by the Company Secretary of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, the AGC reviewed related party transactions and possible conflict of interest situations that may arise within the Group including any transactions, procedure or course of conduct that may give rise to questions on management integrity and to ensure all transactions are at arm's length basis in every quarterly meeting.

  The AGC had ensured that the Company is in compliance with the MMLR and these related party transactions are not detrimental to minority shareholders. The AGC also did not detect any issue that warrants specific disclosure.

  The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened.

  In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

  Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR.

  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.

- **Anti-Fraud/Corruption Policy**

  The Group strongly believes in acting professionally, fairly and with integrity in all business dealings and relationships (including its supply chain), free from acts of bribery or corruption in upholding high standards of ethics and integrity.

  The Group Anti-Fraud/Corruption Policy provides information and guidance to the Directors and employees on their actions and decisions made for and on behalf of the Company to prevent practices against the Group Anti-Fraud/Corruption Policy. It also elaborates the accepted best practice guidelines to combat bribery and corruption in furtherance of the Group's commitment to lawful and ethical behaviour at all times.

  The Group takes zero-tolerance approach towards fraud, bribery and corruption and any form of dishonesty in its business dealings.

  The Group Anti-Fraud/Corruption Policy is applicable to Directors, employees, suppliers, contractors, sub-contractors, vendors, agents, consultants, representatives and other representatives acting for or on behalf of the Group.

  The Group educates all new employees on the Company's Anti-Fraud/Corruption Policy as well as Code of Conduct and Ethics, during the in-house orientation programme. Any updates to the Employee Handbook are done through the internal network and all employees sign off on the Company's policies on confidentiality and conflict of interest, integrity and prevention of staff fraud once they have attended the Group's internal briefings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.4 Group Corporate Governance Framework ("CG Framework") (Cont'd)

- **Anti-Fraud/Corruption Policy (Cont'd)**

  All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Codes/Policies, and agreed to observe and adhere to the Codes/Policies with complete professionalism and integrity throughout their employment or tenure with the Company.

  The details of the Group Anti-Fraud/Corruption Policy are available on the Company's website at www.melewar-mig.com.

  For FY2023, there was no incident of bribery and corruption that were reported to the Group.

1.5 Strategic Management of Sustainability Matters

The Board believes that sustainable business practices are essential to achieve long-term value creation. The Board holds the ultimate responsibility for the Group's sustainability management, including setting and overseeing the Group's sustainability strategies, priorities and targets.

The CFO is leading the Senior Management Team in implementing the sustainability plans and strategies across the board. The Board continues to stay abreast of the sustainability issues relevant to the Group and to ensure it communicates the Group's sustainability strategies, priorities, targets and performance against the targets developed to all the stakeholders via the Sustainability Statement included in this Annual Report.

The Group also has a sustainability governance structure to oversee the implementation of sustainable practices across all the operations of the Group.

The details of the Group's sustainability strategies, priorities and performance against targets are set out separately in the Sustainability Statement of this Annual Report.

The Management Committee ("MANCO"), which comprises heads of the Company's business units and divisions, will oversee all aspects of operational and sustainability risks with the initiation and identification of the risk issues. MANCO will then raise these issues to the Executive Committee who meets on a monthly basis to ensure that the matters are discussed in depth for the next course of actions. These issues will then be encapsulated in the Risk Report and reported to the RSC.

The sustainability initiatives and activities undertaken by the Group for the financial year ended 30 June 2023 are disclosed in the "Sustainability Statement" on page 12 to 41 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.

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).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.1 Composition (Cont'd)

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

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

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

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

Directors	Designation
Tunku Dato' Yaacob Khyra	Executive Chairman
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	Non-Independent Non-Executive Director
Azlan bin Abdullah	Non-Independent Non-Executive Director
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

In line with the MCCG, the Board has adopted the nine (9) years policy for Independent Directors in the Procedure for the Appointment and Removal of Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director.

In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board will justify the decision and seek annual shareholders' approval through a two-tier voting process. This is also echoed in the Board Charter.

As of the date of this statement, none of the existing Independent Directors of the Company has exceeded the tenure of a cumulative term of nine (9) years in the Company.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.4 Fit and Proper Policy

The Board has adopted a Fit and Proper Policy ("the Policy") for Directors and Key Senior Management to ensure a formal and transparent process for the appointment and re-election of Directors and Key Senior Management of the Group.

This Policy is to ensure that Directors must have the character, integrity, relevant range of skill, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The execution is delegated to the NRC and to be reviewed and approved by the Board. This Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary in accordance with the needs of the Company.

The Fit and Proper Policy for Directors and Key Senior Management is available on the Company's website.

2.5 Utilisation of Various Sources in Identification of Potential Candidates

The Group has in place a formal and transparent procedure for the appointment of new directors to the Board. 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 undertake an evaluation and assessment of the candidates in accordance with the criteria as set out in the Directors' Fit and Proper Policy adopted by the Group. The NRC shall ensure that the Board has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in keeping with the highest standards of governance.

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.

2.6 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

Kwo Shih Kang
- Senior Independent Non-Executive Director

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.7 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 has established a Diversity Policy, which also forms part of the Board Charter to strictly adhere to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members and Senior Management.

Currently, Datin Seri Raihanah Begum binti Abdul Rahman is the only female Director on the Board. Her presence complies with the MMLR which mandates presence of at least one (1) female Director on board.

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.

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

2.8 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 is appropriate, with a good mix of skills, experiences and expertise as well as possess appropriate competency to discharge their duties effectively.

In line with the revised MCCG in April 2021 where a new section on Environmental, Social and Governance ("ESG") or Sustainability was added, the board evaluation questionnaire relating to ESG or Sustainability had been included in the annual assessment.

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 2023. The Board was satisfied with the level of independence demonstrated by the Independent Directors and believed that the Independent Directors will continue to bring independent and objective judgment to Board deliberations.

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

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

There was no new appointment of Directors during the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.8 Annual Evaluation of the Directors, Board as a whole and Board Committees (Cont'd)

Summary of Activities Undertaken by the NRC in Respect of Financial Year Ended 30 June 2023

The NRC had discussed, inter alia, the following matters in respect of financial year ended 30 June 2023:

(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 2023 and reported the findings at 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 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 54th AGM. The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Tunku Dato' Yaacob Khyra and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah.

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 TOR.

(f) Reviewed the remuneration policies applicable to Directors, Executive Chairman and Senior Management and recommended the same to the Board for approval.

(g) Reviewed the Service Contract of the Executive Chairman and Senior Management.

(h) Deliberated on the remuneration packages of the Executive Chairman for FYE 2023 and recommended the same to the Board for approval.

(i) Reviewed the Directors' fees payable to the Directors of the Company and the Group for the FYE 2023 and recommended the same to the Board for approval.

(j) Reviewed and recommended the increase in Directors' fees.

(k) Reviewed the benefits payable to the Directors of the Company for the period from 1 January 2024 to 31 December 2024 and recommended the estimated quantum to the Board for approval.

(l) Reviewed the attendance of the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.9 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 year which sets out the scheduled dates for meetings of the Board and Board Committees, in order to facilitate and allow the Directors to better plan their schedule to fulfil their commitment to the Company.

During the annual Board evaluation, each Director was assessed whether he/she 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 2023. The attendance of each Director at the Board meetings held during the financial year ended 30 June 2023 was as follows:

Executive Director	No. of Attendance	%
1. Tunku Dato' Yaacob Khyra (Executive Chairman)	4/5	80
Non-Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	5/5	100
2. Azlan bin Abdullah	4/5	80
Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Datin Seri Raihanah Begum binti Abdul Rahman	4/5	80
2. Kwo Shih Kang	5/5	100
3. 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.

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.

2.10 Continuing Education and Training of Directors

As at the date of this CG Overview Statement, all the Directors have attended the Mandatory Accreditation Programme Part I 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

2.10 Continuing Education and Training of Directors (Cont'd)

During the financial year ended 30 June 2023, 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	Deloitte & Touche (M.E.) – Bahrain The training session covered the following topics: • Impact of expected Fed interest rate hikes on the corporate sector • Audit Committees: » Areas of oversight » Key risks » Audit Committee practices
Azlan bin Abdullah	(i) Contract and Procurement Fraud - Internal Controls, 3rd Party Due Diligence and Reporting Mechanism (ii) Building a Company of Integrity - The Director's Role in Gaining Maximum Value for the Company from the MACC Act Section 17A Adequate Procedures
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	Artificial Intelligence ("AI") for Company Directors and Executives
Datin Seri Raihanah Begum binti Abdul Rahman	(i) Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers (ii) Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (iii) Board's At-A-Glance - Bursa Malaysia's Enhanced Sustainability Reporting Framework
Kwo Shih Kang	(i) Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers (ii) Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	(i) Assessment of the Board, Board Committees and Individual Directors (ii) Good Governance through Continuous Assurance

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

PART 3 – REMUNERATION

3.1 Remuneration Policy

In compliance with Practice 7.1 of the MCCG, the Board has adopted a 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 CEO 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3.1 Remuneration Policy (Cont'd)

The remuneration package also 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.

3.2 Remuneration of Directors and Senior Management

The NRC had developed a fair and transparent policy and procedure for determining the remuneration of Directors and Senior Management of the Group. The NRC is tasked to develop a remuneration package that is competitive and in line with current market practice to attract, retain and reward talented Directors and Senior Management, and is aligned with the Group's strategy. The remuneration package is determined by taking into account the short-term and long-term objectives and growth of the Group.

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 the consideration effort, commitment and time spent as well as the responsibilities of the Directors.

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

Each of the Executive Director abstained from deliberating and voting on his/her own remuneration. For the FY2023, 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 increase in Directors' fees for the financial year ending 30 June 2024. The Board of Directors agreed for the Directors' fees to be revised to RM60,000 per annum for the Non-Executive Directors and will recommend to the shareholders for approval at the forthcoming 54th AGM.

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.

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 54th 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3.2 Remuneration of Directors and Senior Management (Cont'd)

The remuneration details of the individual Directors for FY2023 are disclosed in Practice 8.1 of the CG Report.

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)	Total (RM'000)
Executive Director							
Tunku Dato' Yaacob Khyra	656	109	25	-	-	115	905
Non-Independent Non-Executive Directors							
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	1.9	37.2	2.5	-	41.6
Azlan bin Abdullah	-	-	1.9	37.2	2.5	-	41.6
Independent Non-Executive Directors							
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	1.9	49.2	7	-	58.1
Kwo Shih Kang	-	-	1.9	49.2	9	-	60.1
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	-	-	1.9	49.2	9	-	60.1

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)	Total (RM'000)
Executive Director							
Tunku Dato' Yaacob Khyra	1,967.7	327.9	31.3	-	-	344.3	2,671.2
Non-Independent Non-Executive Directors							
Azlan bin Abdullah	-	-	-	54	2.5	-	56.5
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	-	-	-	-	-
Independent Non-Executive Directors							
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	66	7	-	73
Kwo Shih Kang	-	-	-	66	9	-	75
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
RM350,001 to RM400,000	1
RM450,001 to RM500,000	1
RM900,001 to RM950,000	1
RM1,050,001 to RM1,100,000	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 opinion that the disclosure of the Key Senior Management personnel names and the various remuneration components (salary, bonus, benefits-in-kind, other emoluments) would not be in the best interest of the Group given the competitive human resources environment; as such disclosure may give rise to talent recruitment and retention issue. Also premised on the confidentiality of the remuneration package of the Senior Management, the Board has adopted a disclosure of the Senior Management 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 ensures that the remuneration of Key Senior Management commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Key Senior Management to lead and run the Company successfully.

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 8.2 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.

1.2 Former Key Audit Partner

The AGC has adopted a policy that requires a former partner of the external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the AGC, and the said policy has been incorporated into the TOR of the AGC.

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the AGC. The Board/Group 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.3 Assessment of Suitability and Independence of External Auditors

KPMG PLT ("KPMG") was appointed as the Group's External Auditors in place of PricewaterhouseCoopers PLT at the AGM of the Company held on 1 December 2022.

Having a transparent and professional relationship with auditors is important to ensure the integrity and reliability of the Group's financial reporting. The Board upholds a transparent and professional relationship with both the Internal and External Auditors through the AGC.

The AGC assesses the suitability, objectivity, and independence of the External Auditors on annual basis based on the policies and procedures that have been established. Annual performance evaluation of the External Auditors will be undertaken by AGC. The Group has pre-set criteria to guide decisions on the appointment and re-appointment of External Auditors. The AGC also ensures that any provision of non-audit services by the External Auditors are not in conflict with their role as auditors.

During the financial year, the AGC had met the External Auditors twice 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.

At a meeting held on 30 August 2023, the AGC assessed the performance, competency, independence, technical capabilities and resource sufficiency of the External Auditors. Based on the assessment, the AGC was satisfied with the independence and performance of the External Auditors and recommended to the Board to put forth a proposal for the re-appointment of the External Auditors at the forthcoming AGM of the Company.

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.

Details on the audit fees payable to KPMG 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

The AGC conducts self-evaluation annually to assess the performance and skill sets of the individual AGC members and their peers. During FYE 2023, the AGC members had completed the assessment on an individual basis and the results were compiled by the Company Secretary and tabled for the AGC's review. Based on the results of the assessment, the AGC members are financially literate and understand the Group's business. The AGC as a whole, has the necessary skills and knowledge to discharge their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.5 Qualification of the Audit and Governance Committee (Cont'd)

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 51 to 53 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 95 to 101 of this Annual Report.

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

2.1 Establishment of Risk Management and Internal Control Framework

The Board is fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Group's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group. In view of this, the RSC has adopted a Risk Management Framework for the Group in 2005.

The Group has engaged Messrs Crowe Governance Sdn Bhd ("Crowe"), an independent internal audit firm ("Internal Audit Consultants") to assist the AGC and the Board to review the existing risk management process and internal control systems in place within the various business operations, to ensure that all the policies and procedure that established by the Group are being followed and internal control processes are operating effectively.

This function also acts as a source to assist the AGC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

2.2 Features of its Risk Management and Internal Control Framework

The Group has in place an on-going process and has established a framework for identifying, evaluating, monitoring, and managing the significant risks affecting the Group. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis. The RSC and AGC assist the Board in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of 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 87 to 94 of this Annual Report.

2.3 Effective Governance, Risk Management and Internal Control Framework

The Board acknowledges its responsibility for establishing a sound risk management framework and system of internal control to safeguard shareholders' investment and the Group's assets, and to provide reasonable assurances on the reliability of the financial statements. In addition, equal priority is given to financial controls, operational and compliance controls as well as risk management. While the internal control system is devised to cater to the particular needs of the Group and the risk, such controls by their nature can only provide reasonable assurance but not absolute assurance against unintended material misstatement or loss.

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, Crowe 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.3 Effective Governance, Risk Management and Internal Control Framework (Cont'd)

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

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

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

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 STAKEHOLDERS

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.

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:

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

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

1.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently as the Group does not fall within the definition of "Large Companies".

PART 2 – CONDUCT OF GENERAL MEETINGS

2.1 Notice of AGM

The Company Secretary, by order of the Board, serve a notice of AGM to all shareholders of the Company at least 28 days prior to its forthcoming AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the AGM.

2.2 Attendance at AGM

All members of the Board, the Company Secretary, External Auditors and the Senior Management had attended the fully virtual 53rd 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 53rd AGM held on 1 December 2022.

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 December 2022, the entire AGM proceedings were held through Remote Participation and Voting ("RPV") facilities 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 the AGM remotely.

Shareholders who participated remotely via live streaming at the 53rd AGM were required to login to www.tracemanagement.com.my e-Portal to cast his/her vote online which is opened until the close of the voting session of the 53rd AGM.

The Chairman of the 53rd 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 53rd 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.4 Meaningful Engagement between Board, Senior Management and Shareholders (Cont'd)

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 were also 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 53rd 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 53rd 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 2023.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

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

2. MATERIAL CONTRACTS RELATED TO LOAN

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

3. AUDIT FEES

The amount of audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2023 amounted to RM600,000 and RM205,000 respectively.

4. NON-AUDIT FEES

The amount of non-audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2023 amounted to RM24,000 and RM12,000 respectively.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2023

On 1 December 2022, the Company sought approval for a shareholders' mandate for MIG Group to enter into RRPTs (as defined in the Circular to Shareholders dated 31 October 2022) 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 2023 in accordance with the Shareholders' Mandate obtained at the last AGM were as follows:

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

<table>
<tr><th rowspan="2">No.</th><th rowspan="2">Related Party</th><th rowspan="2">Nature of Transaction</th><th rowspan="2">Interested Related Parties</th><th colspan="2">Manner of relationship with the Related Parties</th><th rowspan="2">Value of Transaction (01/07/2022 – 30/06/2023) (RM)</th></tr>
<tr><th>Director</th><th>Major Shareholder</th></tr>
<tr><td>1.</td><td>Trace</td><td>Provision of corporate secretarial services by the Related Party to Melewar Industrial Group Berhad ("MIG") and its subsidiaries ("MIG Group")</td><td>Interested Directors
Tunku Dato' Yaacob Khyra ("TY") and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY")</td><td>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.</td><td>Nil</td><td>365,378</td></tr>
</table>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 (01/07/2022 – 30/06/2023) (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
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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2022 – 30/06/2023) (RM)
				Director	Major Shareholder	
4.	Maax Factor Sdn Bhd ("Maax Factor")	Factoring and Pre-Factoring Facility provided by the Related Party to MIG Group	**Interested Director** TY **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MAAG. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	Maax Factor is a sub subsidiary of MAA Corp who in turn is a wholly owned subsidiary of MAAG whose ultimate Major Shareholder is KLB.	Nil

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

Type of Financial Assistance	Related Party	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2022 – 30/06/2023) (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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C. Financial assistance between MIG Group and the classes of related parties (Cont'd)

<table>
<tr><th rowspan="2">Type of Financial Assistance</th><th rowspan="2">Related Party</th><th rowspan="2">Interested Related Parties</th><th colspan="2">Manner of relationship with the Related Parties</th><th rowspan="2">Value of Transaction (01/07/2022 – 30/06/2023) (RM)</th></tr>
<tr><th>Director</th><th>Major Shareholder</th></tr>
<tr><td>Provision of corporate guarantee to financial institutions, as and when required, to secure the continuing trade facilities extended to direct and indirect subsidiaries.</td><td>MIG Group</td><td>Interested Director
TY

Interested Major Shareholders
MEBVI, MKSB and KLB</td><td>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.</td><td>Nil</td><td>Nil</td></tr>
</table>

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 Securities.

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 2023.

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 the Statement on Risk Management and Internal Control ("Statement") which outlines the nature and scope of risk management and internal control system of the Company and its subsidiaries ("the Group") for the financial year ended 30 June 2023.This Statement has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Malaysian Code on Corporate Governance ("MCCG") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board recognises the importance of sound risk management and internal control system to ensure the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, regulations, policies, procedures and contracts. Hence, the Board with the assurance from the Executive Director and the Management affirms its overall responsibility for the Group's risk management and internal control system. The oversight of these critical areas is carried out by the Audit and Governance Committee ("AGC") and the Risk and Sustainability Committee ("RSC") which are empowered by their respective terms of reference to provide oversight and perform regular reviews on the risk management and internal control systems to meet the Group's objectives and for continuous improvement thereof.

The Board acknowledges the limitations that are inherent in any risk management and internal control system. As such the systems designed are meant to manage and minimise the extent and severity of the risks, rather than completely eliminate the risks of failure of achieving the Group's objectives and strategies. Consequently, the Board recognises that a sound internal control system provides reasonable but not absolute assurance that the Group will not be hindered in achieving its business objectives in the ordinary course of business.

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.

MANAGEMENT'S RESPONSIBILITIES

Management is responsible for recommending and implementing the Group's policies and procedures on risk management and internal controls by identifying and evaluating risks faced and monitoring the achievement of business goals and objectives within the risk appetite parameters. Its roles include:-

» Formulating relevant policies and procedures to manage these risks;

» Designing, implementing and monitoring the effective implementation of risk management framework and internal control system;

» Reporting in a timely manner to the AGC/RSC any changes to the risks and the corrective actions taken.

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	:	Kwo Shih Kang
Members	:	Datin Seri Raihanah Begum binti Abdul Rahman
	:	Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

During the financial year ended 30 June 2023, four (4) RSC meetings were held. The details of attendance of each Committee member are as follows:

Name of Committee Members	Total Meetings Attended
Kwo Shih Kang (Chairman, Senior Independent Non-Executive Director)	4/4
Datin Seri Raihanah Begum binti Abdul Rahman (Independent Non-Executive Director)	3/4
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram (Independent Non-Executive Director)	4/4

RISK MANAGEMENT AND RISK GOVERNANCE STRUCTURE

The Company has established a corporate governance structure with clear lines of defense to ensure all business risks are prudently identified, assessed and managed to meet its business strategies and objectives within a reasonable control environment.

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 Crowe Governance Sdn Bhd ("Crowe") ("the Internal Audit Consultants"). 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 by 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 the Internal Audit Consultants 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Group has developed a risk management framework which is designed to identify, evaluate and manage the risks faced by the Group's businesses and operations. The Group's risk management process begins with understanding the operating environment in which we operate, the current state of affairs and any situations or circumstances that could pose a threat to our businesses.

The risk management process adopted by the Group are as follows: -

(a) Risk Identification Process
This process involves the identification of key risks that may have a material negative impact on MIG's ability to achieve its objectives. During this process, risks are considered from strategic, operational, financial, compliance, information technology and sustainability perspectives, as well as through various sources such as business operations, internal and external audit findings, customer complaints and incidents occurred.

(b) Risk Assessment
Risks identified are then assessed and ranked based on a set of prescribed measures which involves the consideration of the following:

- Likelihood of each of the risks that may occur.
- Potential impact/consequence of each of the risks, should it occur.

Assessment of risk is undertaken by combining estimates of impact and likelihood within the context of existing control environment and measures.

(c) Risk Treatment Process
Risk treatment process includes actions, measures and strategies undertaken by Management to bring key risks to an acceptable level.

(d) Monitor & Reporting Review
Key risks identified are monitored to ensure the risk ratings remain relevant and that controls in place remain effective and adequate amidst changing circumstances. Any changes are reported, and appropriate action plans devised with a view to realign the risk rating to an acceptable level.

The identified key risks will be entered into the Risk Register, which details description of the risks, impact and its causes, rating based on the risk parameters, details of the controls in place, as well as the risk owners and risk delegates involved to manage the risks will be reviewed on a regular basis to monitor and mitigate the identified risks.

The Group has also put in place related policy, sustainability targets, implementation strategies and performance target/indicators for each of the Common Sustainability Matter to drive continuous improvement.

The Chief Financial Officer ("CFO") has been designated to manage sustainability strategically including the integration of sustainability considerations in the operations of the Group as well as reporting.

The details of the Group's sustainability strategies, priorities and performance against targets are set out separately in the Sustainability Statement of this Annual Report.

The primary risks that the Group is currently facing in its business operations are, among others, listed below:

1. Market Competition Risk
Market competition risk is caused by increased competition which may have an adverse impact on the Group, in terms of customers' growth, revenue and profitability. To mitigate this risk, the Group is continuously exploring and implementing effective ways in customer engagement to deliver customer's expectation and added value in the customer relationship. The Group is also working on expanding its customer base, including a focus on the export market, in order to entrench its position as one of the largest market players in the industry.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. **Material Supply**
The risk to material supply arises from the unforeseen shortage or lack of materials which may cause disruption to the production and delivery schedule. To prevent this, the Group sees the importance of establishing good relationships with existing suppliers, sourcing for new suppliers and managing its inventory stringently.

3. **Business Risks**
The Group recognises business risks with regards to economic volatility, political instability, foreign policy uncertainty, government policies that could affect market trends and prices and cost of materials among other things that may adversely affect profits.

4. **Financial Risks**
Financial risks include exposure to fluctuations in interest rates, foreign exchange fluctuations, cash flow liquidity and financial leverage.

5. **Operational Risk**
Operational risk encompasses potential disruptions to manufacturing operations stemming from factors such as equipment breakdowns, supply chain interruptions, natural disasters, regulatory issues, labour disputes, quality control problems, energy supply disruptions, and health and safety incidents. These risks can result in production stoppages, delays, compromised quality, and financial losses.

6. **Health and Safety Risk**
The Group is exposed to a wide range of health and safety risks including food safety. Failure to implement and maintain robust risk management systems and internal controls to safeguard the health and safety of customers and employees could result in damage to the Group's reputation as well as legal liability risks.

7. **Inventory Overhang Risk**
The risk of inventory overhang emanates from deficient inventory management planning, giving rise to elevated storage expenditures, potential inventory obsolescence, constraints on cash flow, and reduced profit margins necessitated by the need to liquidate surplus inventory at discounted rates to free up space.

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:

- Risk review and update by the respective Heads of Departments, where key risks identified were rated in terms of likelihood of the risk occurring and its impact should the risk occur;

- 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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.

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, no major weaknesses in the system of internal controls were identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the internal and external auditors during the period have been, or are being addressed.

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 2023 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, ICPs have been formalised and documented which were endorsed by both the Management and the Board which cover:

» Internal Control Procedure
» Petty Cash Procedure
» Staff Transport Allowances
» Organisation's Motor Vehicles
» Outstation & Overseas Travel
» Staff Expense Reimbursement
» Employee Advance Control Procedure
» Capital Asset Acquisition Procedure
» Capital Asset Disposal Procedure
» Investment Procedure
» Credit Control Procedure
» Purchase Procedure
» Raw Materials Purchase and Sub-Contractor Procedure
» Sub-raw Materials, Tooling, Hardware, Consumable, Equipment, Fuel, Lubricants, General Procurement and Miscellaneous Items Purchase Procedure

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Sales Procedure
- Internal Security Procedure
- Intercompany Transactions/Loans/Advances Procedure
- FX Risk Management
- Manual Journal Transaction Procedure
- Miscellaneous Payments Procedures
- Site Pre-Qualification Process
- Project Monitoring Mechanism
- Cash Handling Procedure
- Stock Management Procedure

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 has embraced the Green Electricity Tariff (GET) program, granting access a monthly supply of 179,000 kWh of green energy from February 2023 to July 2023. This government-initiated initiative allows MSCRC to reduce its carbon footprint by choosing renewable energy sources. In addition, MSCRC has secured a Malaysia Renewable Energy Certificates (mREC) certificate, confirming our energy originates from renewable sources.

Furthermore, on 9 March 2023, MSCRC successfully obtained the ISO 50001 Energy Management System certification, underscoring our commitment to energy conservation and implementing a sustainable energy management system across the entire plant. This achievement aligns seamlessly with our group's ongoing commitment to sustainability and environmental stewardship. It is expected that this certification will provide a foundation for enhancing operational resilience in the face of climate challenges, as we continue on our journey towards achieving carbon neutrality.

In the meantime, the Group ensures peace of mind and safe consumption for all by subjecting its food products and processes to halal certification. This certification encompasses hygiene, quality, and safety standards, spanning from sourcing to distribution. Within this framework, 3Bumi Oleo, operating in the "Edible Oil" Bottling and Distribution business, guarantees that all of its cooking oil products are halal certified and fully compliant with the requirements of the Malaysia Standard (MS1500:2019) and the Halal Manual Certification issued by the Department of Islamic Development Malaysia (JAKIM).

(d) Human Resources

Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience, in order to carry out their duties and responsibilities assigned effectively and efficiently. Performance evaluations are carried out annually for all levels of staff to identify performance gaps and training needs of employees are identified annually so that relevant trainings are provided to such employees for upgrading their knowledge and skill sets.

(e) Internal Audit Function

The Group's Internal Audit function, which is outsourced to a professional service firm, assists the Board and the AGC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. The Internal Audit Consultants assess the Group's compliance with policies and procedures as well as relevant laws and regulations. Internal Audit Consultants then provide reports on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the AGC for review and approval to ensure adequate coverage. Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Audit issues and actions taken by the Management to address the shortcomings raised by the Internal Audit Consultants 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 discriminate treatment.

(ii) The Group has established an Anti-Fraud/Corruption Policy to provide guidance to all Directors, employees including external parties who 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 Conduct endorsed by the Board are 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 themselves 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

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 Chief Business Development Officer ("CBDO"), CEO, Executive Director and CFO have given assurance to the Board 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 CBDO, CEO, 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 2023 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) overseeing financial reporting, internal control and risk management;
(b) evaluating the internal and external audit processes and outcomes; and
(c) reviewing conflict of interest situations and related party transactions.

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 was last reviewed and approved by the Board 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 Company's AGC comprises three (3) members, consist solely of Independent Non-Executive Directors. All of the Independent Non-Executive Directors satisfied the test of independence under the MMLR of Bursa Securities. The AGC meets the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR as well as Step Up 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	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.

AUDIT AND GOVERNANCE COMMITTEE REPORT

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 51 to 53 in the Annual Report.

During the financial year 2023, all members of the AGC had undertaken the relevant training programmes to keep themselves abreast of the latest development in statutory laws, regulations and best practices to enable them to effectively discharge their duties. The list of trainings attended is disclosed in the Corporate Governance Overview Statement in this Annual Report.

MEETINGS AND ATTENDANCE

The AGC shall meet at least four (4) times annually or more frequently as circumstances dictate. The Chief Business Development Officer 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 systems. 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 or approval of the Board.

During the financial year ended 30 June 2023, there were five (5) AGC meetings held. The number of meetings attended by each AGC member were as follows:

Members	No. of Meetings Attended	%
Kwo Shih Kang	5/5	100
Datin Seri Raihanah Begum binti Abdul Rahman	4/5	80
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 are issued by the Company Secretary on the decisions made and action required. These are then circulated to Management for their onward action.

The AGC conducted its meetings in an open and constructive manner and encouraged focused discussions, questions and expressions of differing opinions.

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.

AUDIT AND GOVERNANCE COMMITTEE REPORT

The Board, through the Nomination and Remuneration Committee ("NRC"), reviews the term of office and performance of the AGC and each of its members annually to determine whether the AGC and its members have carried out their duties in accordance with its TOR.

The NRC had on 30 August 2023 assessed the performance of the AGC and its members through an annual board committee effectiveness evaluation. The NRC is satisfied that the AGC and its members have discharged their functions, duties and responsibilities in accordance with the AGC's TOR and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2023

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

Financial Reporting	(i) Reviewed the draft quarterly unaudited financial results of the Company and the Group which were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and Appendix 9B of the Listing Requirements and made the necessary recommendations to the Board for approval for announcement to Bursa Securities. 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, including the financial position of the Group in terms of its cash flows for the quarters concerned. In its review of the quarterly results, 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, where applicable. (ii) 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; » Position of the gearing ratio of the Company; and » Subsidiary-specific inventory status and positioning.
External Audit	(i) On 31 May 2023, the AGC reviewed the Audit Plan before the commencement of audit. The External Auditors' engagement partner was invited to present to the AGC in relation to the audited financial statements ("AFS") for the financial year ended 30 June 2023. The following matters were highlighted and discussed as follows: - a) potential key audit matters; b) materiality level for the financial statements as a whole and misstatements; c) audit scope; d) audit methodology and timing of audit; e) significant risks; f) issuance of auditors' report; g) newly effective standards, non-assurance services pre-approval; h) responsibilities of external auditors and directors in relation to the AFS; and i) auditor's independence in relation to the performance of audit in accordance with MIA By-laws. KPMG had also briefed the AGC on KPMG's Transparency Report 2022.

AUDIT AND GOVERNANCE COMMITTEE REPORT

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<tr>
<td>External Audit (cont'd)</td>
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(ii) The External Auditors had reported its audit findings to the AGC on the outcome of their audit in relation to the financial positions of the Company and the Group. At the AGC Meeting held in August 2023, the AGC had considered and discussed the areas of audit focus as reported by External Auditors and the outcome of the audit of the Group, as follows:-

(a) Impairment assessment of Property, Plant and Equipment ("PPE") and Right-of-Use ("ROU") Assets

(b) Valuation on land and buildings, Plant, Machinery and Electrical installation

(c) Net realisable value ("NRV") of inventories

Other significant audit matters:

(a) Revenue as a presumed fraud risk

(b) Management override of controls

(iii) Reviewed the assistance given by the Group's employees to the External Auditors.

(iv) Reviewed the AFS of the Company and the Group prior to the submission to the Board for their consideration and approval (to ensure that the AFS were drawn up in accordance with the provisions of the Companies Act, 2016 and the applicable Financial Reporting Standards in Malaysia).

(v) Reviewed the non-audit services rendered by the External Auditors to the Group for the financial year under review prior to engagement. The External Auditors also reported to the AGC their policies and measures taken to ensure independence and objectivity are maintained.

(vi) Undertook annual assessment of the performance and independence of the External Auditors via an evaluation survey questionnaire based on competency, efficiency and transparency as demonstrated by the External Auditors during their audit. The Group's External Auditors also confirmed their independence and the AGC satisfied with the independence, stability and performance of the External Auditors made recommendations to the Board on the re-appointment of the External Auditors.

(vii) Met with the External Auditors without the presence of Executive Directors and the management team of the Company to discuss the issues of concern to the External Auditors arising from the annual audit. There was no major issue raised during the meetings.
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AUDIT AND GOVERNANCE COMMITTEE REPORT

Internal Control and Internal Audit	(i) Reviewed and approved the Internal Audit Consultants' Internal Audit Plan 2023-2027 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 August 2022. (ii) Reviewed and evaluated the overall adequacy and effectiveness of the risk management and Group's internal control system on a quarterly basis through review of results of work performed by the Internal Audit Consultants and discussions with the Management. (iii) 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. (iv) 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. (v) 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. (vi) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function. (vii) 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.
Related Party Transactions	(i) The AGC had reviewed the related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity to ensure that related parties were appropriately identified and that the persons connected thereto had declared their interests thereon the transactions and reported accordingly. For FY2023, the AGC was satisfied that the Company had complied with the financial and regulatory reporting where the related party transactions and recurrent related party transactions were carried out in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the Company which were not more favourable to the related parties than those generally available to the public and were not detrimental to the minority shareholders. (ii) None of the Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries.

AUDIT AND GOVERNANCE COMMITTEE REPORT

Corporate Governance	(i) Reviewed the following draft Statement/Circular to Shareholders and recommended the same to the Board for approval: (a) Proposed share buy-back of up to ten percent (10%) of the total number of issued shares of the Company subject to the Company fulfilling the conditions for the share buy-back; and (b) Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance. (ii) 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. (iii) Conducted a self-assessment exercise to evaluate the AGC's own effectiveness in discharging their duties and responsibilities for the period ended 30 June 2023 and submitted the evaluation to the NRC for assessment.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

Since August 2022, the Group's internal audit function was outsourced to an independent external service provider Crowe Governance Sdn Bhd ("Crowe") ("Internal Audit Consultants").

The Internal Audit Consultants were engaged to undertake independent and objective review of the effectiveness of the governance, risk management and internal control process of the Group. The Internal Audit Consultants report directly to the AGC. The internal audit function provides timely and impartial advice to the AGC and the Management as to whether the internal audit functions reviewed are:-

(a) in accordance with the Group's policies and direction;
(b) in compliance with prescribed laws and regulations; and
(c) achieved the desired results effectively and efficiently.

The Internal Audit Report was presented to the AGC on a quarterly basis for deliberation and its recommendations were communicated to the Management for corrective actions to be taken.

The reviews were conducted on a risk-based approach and were guided by the International Professional Practice Framework on Internal Auditing that is promulgated by the Institute of Internal Auditors.

The Internal Audit Consultants had confirmed to the AGC on their independence and that they are free from any conflict of interest that may impair their objectivity.

In addition, follow up review was conducted to ensure that corrective actions have been implemented in a timely manner. Based on the internal audit reviews conducted, none of the weaknesses noted caused any material loss, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

The Company also has an Internal Audit Charter approved by the Board and the Chairman of the AGC, which defines the mission & objectives, roles & responsibilities, independence, authority, audit scope and methodology and audit reporting.

AUDIT AND GOVERNANCE COMMITTEE REPORT

During the financial year under review, the Internal Audit Consultants undertook the following activities based on the approved audit plan:

» completed the following reviews as per the approved internal audit plan:

Name of Entity Audited	Audited Areas	Reporting Date
MIG and Mycron Steel Berhad Group	• Related Party Transactions ("RPT") » Declaration of directorship and shareholding towards RPT; » Monitoring of RPT; » Disclosure of RPT; and » RPT Reporting	24 November 2022
3Bumi Trading Sdn Bhd	• Operational audit covering: » Inventory Management; » Processing of Raw Materials to Finished Goods; » Cash Management; » Sales (cash and credit sales), Ordering, Deliveries, Billing, Credit Control and Account Receivables; » Product Costing & Pricing; » Procurement to Payment; » Fixed Asset Management.	22 February 2023
MIG Group	• Labour Practices • Safety, Health & Environment Control and Security Management • Human Resources & Payroll	31 May 2023
3Bumi Trading Sdn Bhd	• Processing of Raw Materials to Finished Goods • Cash Management • Sales, Billing, Collection and Credit Control • Procurement & Payment • Inventory Management & Fixed Asset Management	31 May 2023

» Prepared the annual risk-based internal audit plan for the AGC's approval;

» Carried out internal audits of the Group on a risk-based basis to review the adequacy of internal controls in the auditable areas and assessed the consistency in compliance with established policies and procedures. Verification (on sampling basis) of the existence, adequacy and effectiveness of risk controls established by Management within the selected processes covering strategic, operational and financial aspects of the Group's operations;

» Issued internal audit reports to the AGC on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures and management action plans to mitigate identified risks, with copies extended to Management, highlighting deficiencies together with corresponding improvement opportunities. The Internal Audit Consultants attended all AGC meetings and presented reports on areas of audit concern for the AGC's deliberation;

» Monitored corrective action taken by Management in response to recommendations made to address internal control deficiencies highlighted in the previous cycles of internal audit; and

» Followed up and reported to the AGC on the status of implementation of the management agreed action plans to ensure that all matters of concern were adequately addressed by Management.

The internal audit reviews carried out did not reveal weaknesses that would have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

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 2023.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023.

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, Tunku Dato' Yaacob Khyra and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah 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
Muk Sai Tat
Kamarul Ariffin bin Mansor
Dato' Mohd Zahir bin Zahur Hussain
Alexius Lim Chong Jin (Resigned on 15 September 2023)
Farid Wakim bin Kamarudin (Resigned on 1 August 2023)

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 16 to the financial statements.

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	(16,886,709)	(5,514,950)
Attributable to:		
- owners of the Company	(13,260,433)	(5,514,950)
- non-controlling interests	(3,626,276)	-
	(16,886,709)	(5,514,950)

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 2023.

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 01.07.2022	**Acquired**	**Disposed**	**As at 30.06.2023**
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 01.07.2022	**Acquired**	**Disposed**	**As at 30.06.2023**
Mycron Steel Berhad (the 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") who are the Major/Substantial Shareholders of the Company. TY is also deemed to have indirect interest in Avenue Serimas Sdn. Bhd. ("ASSB") by virtue of KLB being the holding company of Melewar Equities Sdn. Bhd. ("MESB"). ASSB is a wholly owned subsidiary of Melewar QE Sdn. Bhd. who in turn is a wholly owned subsidiary of MESB.

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

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

By virtue of his interests of more than 20% in the shares of the Company, Tunku Dato' Yaacob Khyra is also deemed interested in the shares of all subsidiaries during the financial year to the extent that 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.

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 2023.

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 RM	**Received/ Receivable from Subsidiaries RM**	**Group RM**
Non-Executive Directors:			
- fees	222,000	319,097	541,097
- allowances	30,000	30,500	60,500
- estimated monetary value of benefits-in-kind	9,350	3,846	13,196
Executive Directors:			
- salaries, bonuses and other emoluments	765,212	7,885,555	8,650,768
- allowances	-	70,800	70,800
- estimated monetary value of benefits-in-kind	24,979	74,591	99,570
- defined contribution plan	114,786	1,182,149	1,296,936
	1,166,327	9,566,538	10,732,867

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group and of the Company are covered by the 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 RM63,000 and RM36,000 (2022: RM59,500 and RM34,000) respectively.

EVENTS WHICH OCCURRED DURING THE FINANCIAL YEAR

Details of the events which occurred during the financial year are set out in Note 37 to the financial statements.

EVENTS WHICH OCCURRED AFTER THE FINANCIAL YEAR

Details of the events which occurred after the financial year 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.

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 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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

SUBSIDIARIES

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

AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 30 June 2023 is as follows:

	Group RM	Company RM
KPMG PLT		
- statutory audit	600,000	205,000
- non-audit services	24,000	12,000
	624,000	217,000

AUDITORS

The auditors, KPMG PLT (LLP0010081-LCA & AF 0758), have indicated their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 24 October 2023. 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 115 to 227 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 2023 and the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 24 October 2023.

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 115 to 227 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 24 October 2023.

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

Opinion

We have audited the financial statements of Melewar Industrial Group Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 115 to 227.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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 Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matter

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.

Valuation on property, plant and equipment and right-of-use assets	
Refer to Note 3.3, Note 3.4 and Note 3.5 – Significant accounting policy, Note 4(a) and Note 4(b) – Critical accounting estimates and judgements, Note 13 – Property, plant and equipment and Note 14 – Leases to the financial statements.	
Key audit matter	**How our audit addressed the key audit matter**
As at 30 June 2023, the carrying amount of the Group's property, plant and equipment of RM315.9 million; and right-of-use assets of RM96.4 million represented 55% of the Group's total assets. These comprise of freehold land and buildings, plant, machinery and electrical installations classified under property, plant and equipment; and leasehold land under right-of-use assets carried at their fair values. In determining the fair value of the land and buildings, plant, machinery and electrical installations, the Group carries out a valuation performed by an independent professional valuer.	We performed the following audit procedures, among others: • 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 independence, competency and objectivity of the external valuer vis à vis the expert's background, reputation and experience in valuation of assets in the industry where the Group operates.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
There were indications that the carrying amounts of the Group's property, plant and equipment may be impaired due to a bearish downward trend of domestic steel price in the first half of the financial year and the Group's market capitalisation value is below the total carrying amount of its net assets. Freehold land leasehold land are valued based on the adjustad market comparison method. For the buildings, plant, machinery and electrical installation, where their revaluation is performed based on "Depreciated replacement cost method" and other non-financial assets are not subjected to revaluation. 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 have identified the valuation on property, plant and equipment and right-of-use assets as a key audit matter because significant judgement is involved in determining the key assumptions which impacted the valuation of property, plant and equipment and right-of-use assets.	We performed the following audit procedures, among others (continued): • Discussed with the valuer to understand the methodologies, appropriateness of the adjustments made to the observable prices of the land and appropriateness of the deductions made to the current cost of replacement in determining the valuation of the buildings, plant, machinery and electrical installation adopted in determining the valuation price of the assets under valuation. • Assessed and challenged the significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing those assumptions with internally derived information and external market data. • Engaged KPMG corporate finance specialist to evaluate the discount rate used to determine the present value of the cash flow. • Considered the adequacy of the disclosures of the assumptions applied, which are particularly sensitive, uncertain or require significant judgement, in the assessment of valuation of property, plant and equipment and right of use assets.

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

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)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' 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 Company does not cover the annual report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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 (continued)

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or 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.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD
(REGISTRATION NO. 196901000102 (8444-W))
(INCORPORATED IN MALAYSIA)
(CONTINUED)

OTHER MATTERS

1. The financial statements of the Group and of the Company as at and for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 21 October 2022.

2. 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Vengadesh A/L Jogarajah
Approval Number: 03337/12/2023 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 24 October 2023

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	7	549,663,401	752,246,275	7,710,000	14,682,233
Cost of sales/services provided		(505,876,776)	(619,673,021)	(1,333,506)	(1,991,362)
Write-down of inventories	8	(11,003,973)	(9,974,697)	-	-
Gross profit		32,782,652	122,598,557	6,376,494	12,690,871
Other operating income/(expenses)		1,810,641	(4,873,859)	(18,905)	12,250
Net foreign currency exchange gain/(loss)	8	880,773	(667,827)	-	-
Fair value gain/(loss) on investment properties	15	-	-	5,898,770	(508,500)
Fair value (loss)/gain on derivatives	21	-	-	(6,258,504)	3,333,869
(Impairment loss)/Write back on:					
- property, plant and equipment	13	(6,917,251)	(3,155,169)	5,919	(3,861)
- trade receivables	8	(6,878)	(611,015)	-	-
- other receivables	8	117,905	(574,642)	-	-
- investment in subsidiaries	16	-	-	(2)	-
- amounts due from subsidiaries	5(c)(iv)	-	-	(6,699,616)	(9,365,078)
Selling and distribution expenses		(4,671,553)	(4,822,794)	-	-
Administrative and general expenses		(38,392,737)	(43,414,903)	(3,387,609)	(4,022,160)
Operating (loss)/profit		(14,396,448)	64,478,348	(4,083,453)	2,137,391
Finance income	9	1,536,518	1,378,276	38,729	66,445
Finance costs	9	(5,615,419)	(4,910,673)	(3,884)	(8,558)
Finance (costs)/income - net		(4,078,901)	(3,532,397)	34,845	57,887
(Loss)/Profit before tax	8	(18,475,349)	60,945,951	(4,048,608)	2,195,278
Tax credit/(expense)	11	1,588,640	(12,784,251)	(1,466,342)	(1,927,588)
Net (loss)/profit for the financial year		(16,886,709)	48,161,700	(5,514,950)	267,690

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Other comprehensive (loss)/income for the financial year (net of tax):					
Item that may be subsequently reclassified to profit or loss:					
Currency translation differences		(722,547)	373,645	-	-
Item that will not be reclassified to profit or loss:					
Assets revaluation reserve					
- Revaluation surplus, net of tax, on:					
- property, plant and equipment	30	9,171,944	1,835,901	33,625	88,181
- right-of-use assets	30	7,648,857	3,033,610	-	-
Total comprehensive (loss)/ income for the financial year		(788,455)	53,404,856	(5,481,325)	355,871
Net (loss)/profit for the financial year attributable to:					
- Owners of the Company		(13,260,433)	35,030,635	(5,514,950)	267,690
- Non-controlling interests		(3,626,276)	13,131,065	-	-
		(16,886,709)	48,161,700	(5,514,950)	267,690
Total comprehensive (loss)/income for the financial year attributable to:					
- Owners of the Company		(37,879)	39,218,194	(5,481,325)	355,871
- Non-controlling interests		(750,576)	14,186,662	-	-
		(788,455)	53,404,856	(5,481,325)	355,871
(Loss)/Profit per share attributable to owners of the Company during the financial year:					
- Basic (sen)	12	(3.69)	9.75		
- Diluted (sen)	12	(3.69)	9.75		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	315,892,506	315,791,064	788,847	831,089
Right-of-use assets	14	96,439,623	87,671,072	32,224	109,561
Investment properties	15	-	-	78,000,000	72,000,000
Investment in subsidiaries	16	-	-	88,067,455	88,067,457
Deferred tax assets	17	591,026	637,294	-	-
		412,923,155	404,099,430	166,888,526	161,008,107
CURRENT ASSETS					
Inventories	18	178,369,119	286,797,640	-	-
Receivables, deposits and prepayments	19	71,796,768	75,478,946	176,308	7,467,770
Financial assets at fair value through profit or loss	20	5,002,733	2,600,000	2,102,733	-
Derivative financial assets	21	1,061,863	4,815,229	2,119,816	8,378,320
Amounts due from subsidiaries	22	-	-	4,074	6,164
Current tax receivables		1,442,265	437,665	-	-
Cash and bank balances	23	81,052,847	114,751,305	1,340,505	1,182,095
		338,725,595	484,880,785	5,743,436	17,034,349
LESS: CURRENT LIABILITIES					
Payables and accrued liabilities	24	43,390,842	175,071,585	1,325,159	1,328,998
Contract liabilities	25	6,418,669	7,838,246	-	-
Amounts due to subsidiaries	22	-	-	1,580,100	1,290,200
Derivative financial liabilities	21	-	7,518	-	-
Borrowings	26	90,863,025	80,135,268	-	-
Lease liabilities	14	300,370	319,456	21,546	83,132
Current tax provision		621,872	2,800,409	543,790	1,343,708
		141,594,778	266,172,482	3,470,595	4,046,038
NET CURRENT ASSETS		197,130,817	218,708,303	2,272,841	12,988,311
		610,053,972	622,807,733	169,161,367	173,996,418

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023
(CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CAPITAL AND RESERVE ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	27	250,207,537	250,207,537	250,207,537	250,207,537
Warrant reserve	28	3,568,297	3,568,297	3,568,297	3,568,297
Retained profits/(Accumulated losses)		65,720,273	79,353,898	(103,303,407)	(97,788,457)
Assets revaluation reserve	30	90,751,990	76,806,889	426,656	393,031
Foreign currency translation reserve		(638,814)	83,733	-	-
		409,609,283	410,020,354	150,899,083	156,380,408
Non-controlling interests		125,124,401	125,501,786	-	-
TOTAL EQUITY		534,733,684	535,522,140	150,899,083	156,380,408
NON-CURRENT LIABILITIES					
Borrowings	26	10,734,274	22,519,897	-	-
Lease liabilities	14	2,299,083	1,908,788	-	21,546
Deferred income on grant	31	5,731,458	5,883,958	-	-
Deferred tax liabilities	17	56,555,473	56,972,950	18,262,284	17,594,464
		75,320,288	87,285,593	18,262,284	17,616,010
		610,053,972	622,807,733	169,161,367	173,996,418

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

GROUP

	<-- Attributable to owners of the Company							
	Share capital RM	Warrant reserve RM	Foreign currency translation reserve RM	Assets revaluation reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total RM
At 1 July 2022	250,207,537	3,568,297	83,733	76,806,889	79,353,898	410,020,354	125,501,786	535,522,140
Net loss for the financial year	-	-	-	-	(13,260,433)	(13,260,433)	(3,626,276)	(16,886,709)
Other comprehensive (loss)/income for the financial year, net of tax:								
Currency translation differences	-	-	(722,547)	-	-	(722,547)	-	(722,547)
Revaluation surplus, net of tax, on:								
- property, plant and equipment (Note 30)	-	-	-	6,870,814	-	6,870,814	2,301,130	9,171,944
- right-of-use assets (Note 30)	-	-	-	7,074,287	-	7,074,287	574,570	7,648,857
Total comprehensive (loss)/income for the financial year	-	-	(722,547)	13,945,101	(13,260,433)	(37,879)	(750,576)	(788,455)
Transactions with owners:								
Non-controlling interests - change in effective interest (Note 29)	-	-	-	-	(373,192)	(373,192)	373,191	(1)
At 30 June 2023	250,207,537	3,568,297	(638,814)	90,751,990	65,720,273	409,609,283	125,124,401	534,733,684

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

GROUP

	<-------------------- Attributable to owners of the Company -------------------->							
	Share capital RM	Warrant reserve RM	Foreign currency translation reserve RM	Assets revaluation reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total 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 loss 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, net of tax, on:								
- property, plant and equipment (Note 30)	-	-	-	958,504	-	958,504	877,397	1,835,901
- right-of-use assets (Note 30)	-	-	-	2,855,411	-	2,855,411	178,199	3,033,610
Total comprehensive (loss)/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 24)	-	-	-	-	-	-	(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 2023
(CONTINUED)

COMPANY

	Share capital RM	Warrant reserve RM	Assets revaluation reserve RM	Accumulated losses RM	Total RM
At 1 July 2022	250,207,537	3,568,297	393,031	(97,788,457)	156,380,408
Net loss for the financial year	-	-	-	(5,514,950)	(5,514,950)
Other comprehensive income for the financial year, net of tax:					
Revaluation surplus on property, plant and equipment, net of tax (Note 30)	-	-	33,625	-	33,625
Total comprehensive income/(loss) for the financial year	-	-	33,625	(5,514,950)	(5,481,325)
At 30 June 2023	250,207,537	3,568,297	426,656	(103,303,407)	150,899,083
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 30)	-	-	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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
OPERATING CASH FLOWS					
(Loss)/Profit before tax		(18,475,349)	60,945,951	(4,048,608)	2,195,278
Adjustments for:					
Amortisation of deferred income on grant	31	(152,500)	(152,500)	-	-
Property, plant and equipment:					
- depreciation	13	15,082,667	14,296,712	117,767	176,217
- impairment loss/(write back)	13	6,917,251	3,155,169	(5,919)	3,861
- loss/(gain) on disposals	8	178,602	(90,795)	(11,811)	-
Depreciation on right-of-use assets	8	1,935,334	1,789,492	77,337	77,336
Impairment loss/(Write back) on:					
- investment in subsidiaries	8	-	-	2	-
- amounts due from subsidiaries	8	-	-	6,699,616	9,365,078
- trade receivables	8	6,878	611,015	-	-
- other receivables	8	(117,905)	574,642	-	-
Write-down of inventories	8	11,003,973	9,974,697	-	-
Inventories written off	8	150,222	489,208	-	-
Reversal of provision for onerous contract		-	(14,350)	-	-
Fair value (gain)/loss:					
- investment properties	8	-	-	(5,898,770)	508,500
- derivatives	8	-	-	6,258,504	(3,333,869)
- financial assets at fair value through profit or loss	8	(269,284)	587,750	30,716	(12,250)
Dividend income	7	-	-	(150,000)	(7,873,808)
Net unrealised (gain)/loss on foreign currency exchange	8	(954,085)	508,647	-	-
Finance income:					
- interest on deposits with licensed banks	9	(1,536,518)	(1,378,276)	(38,729)	(66,445)
Finance costs:					
- interest on borrowings and suppliers' credit	9	5,371,718	4,805,411	-	-
- interest on lease liabilities	14	243,701	105,262	3,884	8,558
		19,384,705	96,208,035	3,033,989	1,048,456
Changes in working capital:					
- inventories		97,274,326	(69,062,176)	-	-
- receivables, deposits and prepayments		7,545,122	(32,943,979)	16,205	(25,536)
- payables and accrued liabilities		(130,853,175)	47,469,344	(3,839)	6,281
- related party balances		-	-	17,444	396,825
- contract liabilities		(1,419,577)	(15,544,494)	-	-
Cash generated from operations		(8,068,599)	26,126,730	3,063,799	1,426,026
Tax paid		(6,188,853)	(9,192,158)	(1,609,059)	(567,997)
Tax refunded		385,000	14,265	-	-
Net operating cash flows		(13,872,452)	16,948,837	1,454,740	858,029

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
INVESTING CASH FLOWS					
Purchases of property, plant and equipment		(10,600,183)	(11,473,610)	(25,551)	(150,035)
Purchase of investment properties	15	-	-	(101,230)	(508,500)
Purchase of financial assets at fair value through profit or loss	20	(2,132,000)	(3,304,000)	(2,132,000)	(104,000)
Proceeds from disposal of property, plant and equipment		244,650	506,236	12,000	5,154
Proceeds from disposal of financial assets at fair value through profit or loss	20	-	116,250	-	116,250
Interest received from deposit with licensed banks	9	1,536,518	1,378,276	38,729	66,445
Increase in investment in a subsidiary		(1)	-	-	-
Dividend received	32	-	-	7,423,808	600,000
Advances granted to subsidiaries	32	-	-	(5,669,613)	(9,272,078)
Expenses paid on behalf of subsidiaries	32	-	-	(1,176,300)	(872,302)
Repayment of advances granted to subsidiaries	32	-	-	148,387	772,906
Net investing cash flows		(10,951,016)	(12,776,848)	(1,481,770)	(9,346,160)
FINANCING CASH FLOWS					
Proceeds from borrowings		274,754,000	322,321,582	-	-
Repayment of borrowings		(276,505,541)	(306,238,134)	-	-
Repayment of hire-purchase		(471,325)	(1,206,460)	-	-
Principal payment of lease liabilities		(297,889)	(242,484)	(83,132)	(78,459)
Interest paid:					
- borrowings		(5,371,718)	(4,932,897)	-	-
- lease liabilities		(243,701)	(105,262)	(3,884)	(8,558)
Advances from subsidiaries	32	-	-	3,790,000	1,290,000
Repayment to subsidiaries	32	-	-	(3,517,544)	(15,480)
Net financing cash flows		(8,136,174)	9,596,345	185,440	1,187,503
NET CHANGE IN CASH AND CASH EQUIVALENTS		(32,959,642)	13,768,334	158,410	(7,300,628)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		114,751,305	100,929,239	1,182,095	8,482,723
EFFECTS OF CHANGES IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		(738,816)	53,732	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23	81,052,847	114,751,305	1,340,505	1,182,095

During the financial year, the Group has a non-cash purchase of plant, machinery and electrical installation of RM1,165,000 (2022: RM357,211) by means of hire-purchase arrangements. In the previous financial year, there was a trade-in arrangement for plant, machinery and electrical installation of RM4,000.

Besides, included in the Group's additions to property, plant and equipment during the financial year amounting to RM119,000 (2022: Nil) is related to provision of dismantling cost.

Included in the Group's additions to property, plant and equipment in the previous financial year was finance costs capitalised amounting to RM159,661 (Note 13).

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (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 RM	Term loan RM	Mortgage loan RM	Hire-purchase creditors RM	Factoring RM	Lease liabilities RM	Total RM
2023							
At 1 July 2022	71,935,000	16,014,216	14,275,433	430,516	-	2,228,244	104,883,409
Cash flows							
Proceeds from borrowings	274,754,000	-	-	-	-	-	274,754,000
Repayment of borrowings	(268,679,000)	(5,833,332)	(1,993,209)	-	-	-	(276,505,541)
Repayment of hire-purchase	-	-	-	(471,325)	-	-	(471,325)
Principal payment of lease liabilities	-	-	-	-	-	(297,889)	(297,889)
Interest paid	(3,002,752)	(677,836)	(656,600)	(46,028)	-	(243,701)	(4,626,917)
Working capital	(408,080)	-	-	-	-	-	(408,080)
Non-cash							
Additions during the year	-	-	-	1,165,000	-	469,852	1,634,852
Remeasurement	-	-	-	-	-	58,804	58,804
Currency exchange differences	-	-	-	-	-	140,442	140,442
Interest charged	3,410,832	677,836	656,600	46,028	-	243,701	5,034,997
At 30 June 2023	78,010,000	10,180,884	12,282,224	1,124,191	-	2,599,453	104,196,752
2022							
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
Currency 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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (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 RM	Amount due to subsidiaries RM	Total RM
2023			
At 1 July 2022	104,678	1,290,200	1,394,878
Cash flows			
Advances from subsidiaries	-	3,790,000	3,790,000
Repayment to subsidiaries	-	(3,517,544)	(3,517,544)
Interest paid	(3,884)	-	(3,884)
Principal payment of lease liabilities	(83,132)	-	(83,132)
Non-cash			
Interest charged	3,884	-	3,884
Expenses paid on behalf by subsidiaries	-	17,444	17,444
At 30 June 2023	21,546	1,580,100	1,601,646
2022			
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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 16 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 address of the registered office of the Company is:

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

The address of the principal place of business of the Company is:

15th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur

As at 30 June 2023, all monetary assets and liabilities of the Group and of 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 24 October 2023.

2 BASIS OF PREPARATION

The financial statements of the Group and of 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 of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the individual policy statements as set out in Note 3 to the financial statements i.e. 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.

Amendments to published standards that are effective

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2022:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Amendments to published standards that are effective (continued)

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2022 (continued):

- Amendments to MFRS 3 'Reference to Conceptual Framework' replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments do 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.

- Amendments to MFRS 116 'Proceeds before intended use' prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss. The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

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

The adoption of these amendments did not have any impact on the Group's financial statements for the current period.

Standards, amendments to standards and interpretations that have been issued but not yet effective

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 July 2023

- MFRS 17 'Insurance Contracts' replaces MFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of MFRS 17. The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts.

- Amendments to MFRS 17 'Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information' adds a new transition option to MFRS 17 (the 'classification overlay') to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of MFRS 17.

- Amendments to MFRS 101 'Presentation of Financial Statements – Disclosures of Accounting Policies' clarifies the application of materiality in the disclosure of accounting policies that companies are to disclose their material accounting policies rather than their significant accounting policies and clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed.

- Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates' introduce a new definition for accounting estimates and clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

- Amendments to MFRS 112 'Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction' clarify the account for deferred tax on certain transactions such as leases and decommissioning provisions.

2 BASIS OF PREPARATION (CONTINUED)

Standards, amendments to standards and interpretations that have been issued but not yet effective (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 July 2024

- Amendment to MFRS 16 'Leases – Lease Liability in a Sale and Leaseback' impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale and leaseback transactions entered into since 2019.

- Amendment to MFRS 101 'Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current' clarifies how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.

- Amendments to MFRS 107 'Statement of Cash Flows' and MFRS 7, 'Financial Instruments: Disclosures – Supplier Finance Arrangements' introduce two new disclosure objectives – one in MFRS 107 and another in MFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 July 2025

- Amendments to MFRS 121 'The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability' provides new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 'Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture responds to a conflict in existing guidance which arose from the transfer of subsidiaries, and also cover the transfer of assets involving an associate or a joint venture.

The Group has started a preliminary assessment on the effects of the above standards, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(i) Subsidiaries (continued)

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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(iv) Acquisitions (continued)

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 valuer, 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (continued)

(i) Measurement basis (continued)

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 valuer who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

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

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

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

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying amount 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 assets 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 valuer.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

Accounting by lessee (continued)

(iii) Lease liabilities

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

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

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

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

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liabilities are presented within the finance costs 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 2023
(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assets 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

(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").

<u>Debt instruments</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(iii) Measurement (continued)

Debt instruments (continued)

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

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 the 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Significant increase in credit risk (continued)

The following indicators are incorporated:

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

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

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

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(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'.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Groupings of instruments for ECL measured on collective basis (continued)

(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

(a) 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.

(b) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Derivative financial instruments and hedging activities (continued)

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.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies fair value hedge accounting for hedging forward contracts on purchases. The gain or loss relating to the effective and ineffective portion of both the hedging instrument and the hedged item are recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Share capital (continued)

(v) Earnings per share

Basic earnings per share

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.

Diluted earnings per share

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.

3.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue recognition (continued)

Revenue from contracts with customers (continued)

(i) Sale of steel products (cold rolled coils, steel tubes and pipes, scraps and by-products) (continued)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue recognition (continued)

Revenue from contracts with customers (continued)

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Foreign currencies (continued)

(ii) Transactions and balances (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3.25 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Revaluation of certain property, plant and equipment and right-of-use assets / fair value of investment properties

As disclosed in Notes 13, 14 and 15 to the financial statements, the Group carries its freehold and leasehold land (classified as right-of-use assets) and buildings, plant, machinery and electrical installation and investment 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-valuer 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 13 and 16 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 18, 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.

(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.

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 17 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

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 RM719,853,916 (2022: RM708,241,228) 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 decreased by around RM1,159,665 (down by 0.2%) and interest-bearing debt capital increased by around RM12,772,353 (up by 11%).

The Group's debt-equity ratio closed at 0.22 times for the current reporting period compared to the preceding period's close at 0.20.

Towards the 4^{th} quarter of the current financial year, the Cold Rolled Coil subsidiary obtained an additional multi-tradeline of RM25 million from a lender. This remains under documentation processing at the close of the current financial year. The utilisation of this additional line in the future may 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.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 100% and 85.2% respectively. However, the said subsidiaries have adequate short-term assets to meet short-term liabilities as reflected in the Group's current ratio of 2.39 times at the close of the current reporting period (2022: current ratio at 1.82 times). Their significant reliance on short-term bank trade facilities which are callable on demand poses a degree of liquidity risk. To diversify the risk, the Cold Rolled Coil subsidiary and the Steel Tube subsidiary have suppliers' trade-credit-line denominated in Ringgit with limits of RM30,000,000 and RM20,000,000 respectively; and in USD with limits of USD29,500,000 and USD16,100,000 respectively from key suppliers. The subsidiaries have not drawn on any USD denominated credit-lines in the last 18 months due to their higher borrowing cost.

The Group's subsidiaries are subjected to a liquidity covenant on the minimum allowable 'Debt Service Cover Ratio' (DSCR). At the close of the current financial year, the Cold Rolled Coil subsidiary fell-short in meeting the DSCR covenant in-relation to its short-term tradeline borrowings, and has since sought and obtained indulgence from two affected lenders. The Group's negative results have also affected the Steel Tube subsidiary's Group DSCR covenant with a lender. In this regard, the Steel Tube subsidiary has also sought and obtained indulgence from one affected lender. Arising from these, the Group has reclassified RM4,347,552 in 'long-term borrowing' to 'short-term borrowing' (see Note 26).

The said subsidiaries and the Group remain in comfortable net-current-asset position after the reclassification, and have sufficient liquidity to meet short-term obligations. The continuing availability of the aforementioned debt facilities to the said subsidiaries are unaffected.

At the reporting date, the Company's exposure to liquidity risk arises from corporate guarantee issued on the Steel Tube subsidiary's trade credit lines from key suppliers of RM20,000,000 (2022: RM20,000,000). The Directors are of the opinion that the default risk by the subsidiary on the aforementioned is negligible.

The total balance undrawn banking trade-line facilities for the subsidiaries at the reporting date is around RM179,590,000 (2022: RM146,165,000).

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:

	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
GROUP									
At 30 June 2023									
Non-derivative financial liabilities									
Bankers' acceptance	78,010,000	4.49% - 5.23%	78,853,863	78,853,863	-	-	-	-	-
Term loan	10,180,884	4.76% - 5.52%	10,743,275	10,743,275	-	-	-	-	-
Mortgage loan	12,282,224	4.33% - 5.49%	13,797,234	2,592,228	2,592,228	2,592,228	2,592,228	2,592,228	836,094
Hire-purchase creditors	1,124,191	2.29% - 2.55%	1,222,941	530,456	282,149	165,249	140,049	105,038	-
Trade payables	27,558,486	4.40% - 5.50%	27,595,013	27,595,013	-	-	-	-	-
Payables and accrued liabilities, excluding payroll liabilities	13,591,578	-	13,591,578	13,591,578	-	-	-	-	-
Lease liabilities	2,599,453	5.80% - 9.00%	3,469,670	477,727	460,073	445,681	403,489	380,531	1,302,169
	145,346,816		149,273,574	134,384,140	3,334,450	3,203,158	3,135,766	3,077,797	2,138,263
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 payroll liabilities	153,977,987	-	153,977,987	153,977,987	-	-	-	-	-
Lease liabilities	2,228,244	3.40% - 9.00%	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	-	-	-	-	-
	272,597,181		277,117,880	250,175,747	9,198,763	7,347,013	2,880,206	2,859,047	4,657,104

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:

	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
COMPANY								
At 30 June 2023								
Non-derivative financial liabilities								
Payables and accrued liabilities, excluding payroll liabilities	1,161,776	-	1,161,776	1,161,776	-	-	-	-
Amounts due to subsidiaries	1,580,100	-	1,580,100	1,580,100	-	-	-	-
Lease liabilities	21,546	5.80%	21,754	21,754	-	-	-	-
Financial guarantee contracts	-	-	20,000,000	20,000,000	-	-	-	-
	2,763,422		22,763,630	22,763,630	-	-	-	-
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	21,754	-	-	-
Lease liabilities	104,678	5.80%	108,771	87,017	-	-	-	-
Financial guarantee contracts	-	-	20,000,000	20,000,000	-	-	-	-
	2,572,589		22,576,682	22,554,928	21,754	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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 93.0% (2022: 98.0%) and 70.2% (2022: 71.6%) of their respective trade receivables. The Company has no significant concentration of credit risk except for amounts due from subsidiaries. At the reporting date, the Group has 3 (2022: 2) external customers that contributes to more than 10% of the respective subsidiaries' revenue. The revenue contributed by the said customers amounted to RM185,158,181 (2022: RM181,600,942). 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 36 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.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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)

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 RM	Collateral and credit enhancement RM	Maximum exposure (Net of impairment) RM
2023			
Trade receivables	15,850,811	51,805,638	67,656,449
Other receivables	1,125,311	-	1,125,311
Refundable deposits	1,565,176	-	1,565,176
Derivative financial assets	1,061,863	-	1,061,863
Deposits with licensed banks	37,151,335	-	37,151,335
Cash and bank balances	43,901,512	-	43,901,512
Financial assets at fair value through profit or loss	5,002,733	-	5,002,733
	105,658,741	51,805,638	157,464,379
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

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.

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 19) RM	Other receivables (Note 19) RM	Total RM
GROUP			
At 30 June 2023			
At gross amounts	68,927,084	2,215,391	71,142,475
Less: Accumulated impairment	(1,270,635)	(1,090,080)	(2,360,715)
	67,656,449	1,125,311	68,781,760
Accumulated impairment			
At 1 July	1,261,348	1,239,785	2,501,133
Impairment charge (Note 8)	6,878	13,476	20,354
Write back on impairment (Note 8)	-	(131,381)	(131,381)
Write-off	-	(31,800)	(31,800)
Exchange differences	2,409	-	2,409
At 30 June	1,270,635	1,090,080	2,360,715

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

- The Steel Tube subsidiary has made a reversal of impairment on other receivables of RM131,381 upon settlement of outstanding debts of the said amount. An allowance provision on other receivables of RM31,800 was also written off during the financial year when it was assessed as irrecoverable.
- 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 RM5,855 and RM13,476 was recorded respectively.
- The Group's UK subsidiary has also made an impairment charge on overdue trade receivables amounting to RM1,023 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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 were set out below:

	Trade receivables (Note 19) RM	Other receivables (Note 19) 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
<u>Accumulated impairment</u>			
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

In the preceding 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 made an impairment charge on overdue trade receivables amounting to equivalent RM21,433 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 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 22) RM
COMPANY	
At 30 June 2023	
At gross amounts	28,329,574
Less: Accumulated impairment	(28,325,500)
	4,074
<u>Accumulated impairment</u>	
At 1 July	21,625,884
Impairment charge (Note 8)	6,699,616
At 30 June	28,325,500

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 RM6,699,616 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 were as set out below:

	Amounts due from subsidiaries (Note 22) RM
COMPANY	
At 30 June 2022	
At gross amounts	21,632,048
Less: Accumulated impairment	(21,625,884)
	6,164
<u>Accumulated impairment</u>	
At 1 July	12,260,806
Impairment charge (Note 8)	9,365,078
At 30 June	21,625,884

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

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 four times at 25 basis point each during the current financial year 2023 - pushing the OPR to 3.00% from 2.00% at the start. Correspondingly, interest rate risk in the current financial year 2023 has increased with a higher effective average cost of borrowing at 4.1% compared to financial year 2022 at 3.3%.

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. Taking into account of interest income, the Group's net effective interest cost for the current financial year averages at 3.2% (2022: 2.8%).

Neither the Group nor the Company holds any interest-rate derivatives during and at the close of the current financial year.

Details of the interest-bearing financial liability instruments for the Group are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Current		
Fixed rate borrowings, denominated in RM	78,488,476	72,251,155
Floating rate borrowings, denominated in RM	12,374,548	7,884,113
Fixed rate credit from supplier, denominated in RM (Note 24)	27,558,487	13,728,267
Non-current		
Fixed rate borrowings, denominated in RM	645,715	114,361
Floating rate borrowings, denominated in RM	10,088,560	22,405,536
	129,155,786	116,383,432

The risk impact for the floating rate financial liability instruments had the overall interest rates being 1.0% higher, is that the Group's (loss)/profit after tax for financial year 2023 would increase by RM170,720 (2022: decrease by RM230,201). A 1.0% lower interest rate would have the equal but opposite effect to the aforementioned amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 Coil 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 11.8%) from export sales denominated mainly in Singapore Dollar ("SGD"). Over the current FY, the CRC segment also derive a small portion of export sales (around 0.8%) in USD, and it is netted against USD-short as a natural hedge. 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 over current financial year driven by continuing interest-rate hikes in the USA to tame raging inflation. As a result, the Ringgit Malaysia continued to weaken further by around 620 basis points (or 2735 pips) against the USD over the current reporting period. The Group's FX risk management activities have adequately hedged the said FX volatility over the current financial year as shown in the table below. Further disclosures are made in Note 21 on derivatives.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

A summary of the realised and unrealised gain/(loss) 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:

	2023			2022		
	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	-	(35)	(35)	(1)	3	2
Hedge accounted	1,061	4,200	5,261	4,809	654	5,463
	1,061	4,165	5,226	4,808	657	5,465
FX Hedged Items						
Not hedge accounted	954	(38)	916	(508)	(162)	(670)
Hedge accounted	(1,061)	(4,200)	(5,261)	(4,809)	(654)	(5,463)
	(107)	(4,238)	(4,345)	(5,317)	(816)	(6,133)
Net FX gain/(loss)	954	(73)	881	(509)	(159)	(668)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(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.

	From USD	From SGD	From GBP	From AUD	Total
GROUP					
As at 30 June 2023					
Financial assets					
Receivables, deposits and prepayments	313,046	9,099,263	63,751	771,775	10,247,835
Cash and bank balances	7,915,651	754,024	200,472	-	8,870,147
	8,228,697	9,853,287	264,223	771,775	19,117,982
Less: Financial liability					
Payables and accrued liabilities	(45,373)	-	(177,818)	-	(223,191)
Net financial assets	8,183,324	9,853,287	86,405	771,775	18,894,791
Off balance sheet					
Contracted commitments	(61,778,399)	-	-	-	(61,778,399)
Contracted forward sales	13,478,000	82,565	-	-	13,560,565
Less: Forward foreign currency contracts at notional value at closing rate	49,837,143	-	-	-	49,837,143
Net currency exposure	9,720,068	9,935,852	86,405	771,775	20,514,100

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 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 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)

Net currency exposure' if positive is in long position, and if negative is in short position of the captioned foreign currency.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

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 (loss)/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 2023 RM	Increase/ (Decrease) in Profit and Equity 2022 RM
GROUP		
RM appreciates against USD by 2% (2022: 2%)	(147,745)	379,175
RM appreciates against SGD by 2% (2022: 2%)	(151,052)	(165,308)
RM appreciates against GBP by 2% (2022: 2%)	(1,313)	(232)
RM appreciates against AUD by 2% (2022: 2%)	(11,731)	48,689

A 2% (2022: 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).

6 FAIR VALUE (CONTINUED)

Fair value estimation (continued)

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					
2023					
Financial assets					
Financial assets at fair value through profit or loss	20	3,002,000	2,000,733	-	5,002,733
Forward foreign currency exchange contracts	21	-	1,061,863	-	1,061,863
		3,002,000	3,062,596	-	6,064,596
2022					
Financial assets					
Financial assets at fair value through profit or loss	20	2,600,000	-	-	2,600,000
Forward foreign currency exchange contracts	21	-	4,815,229	-	4,815,229
		2,600,000	4,815,229	-	7,415,229
Financial liability					
Forward foreign currency exchange contracts	21	-	(7,518)	-	(7,518)

The 'financial assets at fair value through profit or loss' comprise of investment in quoted shares and investment funds (see Note 20). The investment in quoted shares is fair valued by way of marking-to-active market using the quoted closing price on Bursa Malaysia. The fair value of investment funds is determined based on independent fund valuations.

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 2023
(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					
2023					
Financial assets					
Financial assets at fair value through profit or loss	20	102,000	2,000,733	-	2,102,733
Free detachable warrants	21	2,119,816	-	-	2,119,816
		2,221,816	2,000,733	-	4,222,549
2022					
Financial assets					
Free detachable warrants	21	8,378,320	-	-	8,378,320

The Company's 'financial assets at fair value through profit or loss' comprise of investment in quoted shares and investment funds (see Note 20). The investment in quoted shares is fair valued by way of marking-to-active market using the quoted closing price on Bursa Malaysia. The fair value of investment funds is determined based on independent fund valuations.

The Company is holding 20,188,722 listed detachable warrants in its subsidiary Mycron Steel Berhad ("MSB") at the close of the current financial year. None was traded nor exercised over the period. The Company's holding of these warrants is fair valued at assessment 'Level 1' at initial recognition and at the end of each reporting period by way of marking-to its published market closing price on Bursa Malaysia with the changes in fair value charged to profit or loss. For the current financial year, a mark-to-market loss of RM6,258,504 (2022: gain of RM3,333,869) from the warrants was charged to the Company's statements of comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

7 REVENUE

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue from contracts with customers				
- Sales of goods	541,454,772	737,669,391	-	-
- Construction contracts	425,308	-	-	-
- Processing service income	7,616,327	14,371,888	-	-
- Management fees	-	-	2,520,000	3,000,000
	549,496,407	752,041,279	2,520,000	3,000,000
Revenue from other sources				
Dividend income	-	-	150,000	7,873,808
Lease rental income:				
- investment properties	-	-	5,040,000	3,808,425
- others	166,994	204,996	-	-
	166,994	204,996	5,190,000	11,682,233
Total revenue	549,663,401	752,246,275	7,710,000	14,682,233

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

GROUP	Timing of Revenue Recognition: At a point-in-time Local RM	At a point-in-time Abroad RM	Over time Local RM	Total RM
2023				
Segments				
Steel tube	237,092,009	34,046,997	-	271,139,006
Cold rolled coil	255,127,456	-	-	255,127,456
Others	15,355,807	257,811	7,616,327	23,229,945
	507,575,272	34,304,808	7,616,327	549,496,407
Major goods and service lines				
Sales of primary goods:				
- steel tubes and pipes	237,092,009	34,046,997	-	271,139,006
- cold rolled coils	255,127,456	-	-	255,127,456
Sales of steel scraps and by-products	8,173,277	-	-	8,173,277
Trading of foods	6,757,222	257,811	-	7,015,033
Processing service income	-	-	7,616,327	7,616,327
Construction contracts	425,308	-	-	425,308
	507,575,272	34,304,808	7,616,327	549,496,407

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

7 REVENUE (CONTINUED)

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

	Timing of Revenue Recognition			
	At a point-in-time		Over time	Total
GROUP	**Local RM**	**Abroad RM**	**Local 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

	2023 RM	2022 RM
COMPANY		
Revenue from contracts with customers		
Management fees		
- recognised over time	2,520,000	3,000,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

8 (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
The following expenses have been charged/(credited) in arriving at (loss)/profit before tax:				
Auditors' remuneration:				
- statutory audit				
- KPMG PLT	600,000	-	205,000	-
- other auditor	-	704,450	-	234,500
- non-audit services				
- KPMG PLT	24,000	-	12,000	-
- other auditor	-	24,000	-	12,000
Changes in inventories of finished goods and work-in-progress	20,592,786	(48,916,764)	-	-
Raw materials consumed	426,329,692	628,234,023	-	-
Consumables (inventories) consumed	13,262,472	12,881,130	-	-
Property, plant and equipment (Note 13):				
- depreciation	15,082,667	14,296,712	117,767	176,217
- impairment loss/(write back)	6,917,251	3,155,169	(5,919)	3,861
- loss/(gain) on disposals	178,602	(90,795)	(11,811)	-
Depreciation on right-of-use assets [(a)]	1,935,334	1,789,492	77,337	77,336
Fair value (gain)/loss on:				
- investment properties (Note 15)	-	-	(5,898,770)	508,500
- derivatives (Note 21)	-	-	6,258,504	(3,333,869)
- financial assets at fair value through profit or loss (Note 20)	(269,284)	587,750	30,716	(12,250)
Staff costs - excluding Directors' remuneration:				
- salaries, bonuses and allowances	30,935,461	35,741,244	1,497,086	847,138
- defined contribution plan	4,596,169	5,277,732	245,696	176,518
- others	2,024,165	2,018,222	97,425	68,240
Shutdown overheads [(b)]	-	5,906,790	-	-
Rental expense [(a)]	20,081	20,081	20,081	20,081
Maintenance of plant and machinery	6,366,105	8,717,733	-	-
Impairment loss/ (write back) on:				
- investment in subsidiaries (Note 16)	-	-	2	-
- amounts due from subsidiaries (Note 5(c)(iv))	-	-	6,699,616	9,365,078
- trade receivables (Note 5(c)(iv))	6,878	611,015	-	-
- other receivables (Note 5(c)(iv))	(117,905)	574,642	-	-
Write-down of inventories	11,003,973	9,974,697	-	-
Insurance claim recovery [(c)]	-	(602,381)	-	-
Government wage subsidies [(d)]	-	(603,002)	-	-
Amortisation of deferred income on grant (Note 31)	(152,500)	(152,500)	-	-
Net foreign currency exchange loss/(gain)				
- realised	73,311	159,180	-	-
- unrealised	(954,085)	508,647	-	-
Quit rent and assessment fees	775,533	775,533	347,230	347,230
Inventories written off	150,222	489,208	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

8 (LOSS)/PROFIT BEFORE TAX (CONTINUED)

[a] The rental expense on the rented land and buildings deemed as an operating lease is now represented through the depreciation of the right-of-use assets on the aforementioned lease and the implicit interest charge on the corresponding lease liabilities (See Note 9 and Note 14). The remaining 'rental expense' for the current financial year relates to rentals of low value assets which are exempted from lease accounting under MFRS 16.

[b] In the preceding financial year, the Group incurred RM5,906,790 of unabsorbed factories' fixed overheads and direct labour costs during the mandatory COVID-19 shutdown period of 6 weeks where production capacity was incapacitated.

[c] In the preceding financial year, 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] In the preceding financial year, the Group received wage subsidy aid under the Prihatin Perkeso Program Subsidi Upah pursuant to the COVID-19 pandemic.

9 FINANCE INCOME AND COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Finance income on:				
Interest on deposits with licensed banks [a]	(1,536,518)	(1,378,276)	(38,729)	(66,445)
Finance costs on:				
Borrowings	4,776,416	4,696,398	-	-
Hire-purchase	14,880	66,258	-	-
Suppliers' credit	580,422	202,416	-	-
Lease liabilities [b]	243,701	105,262	3,884	8,558
	5,615,419	5,070,334	3,884	8,558
Less: Interest expense capitalised in property, plant and equipment (Note 13)	-	(159,661)	-	-
Total finance costs	5,615,419	4,910,673	3,884	8,558
Finance costs/(income) - net	4,078,901	3,532,397	(34,845)	(57,887)

[a] Interest income from fixed-deposits and money-market REPO (repurchase agreement) placements with Banks for very short tenure.

[b] Interest expense on lease liabilities is an implicit charge on lease liabilities representing the discounted lease commitment streams over the remaining term of the leases, pursuant to the adoption of MFRS 16 (See Note 14).

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-Executive Directors:				
- fees	541,097	498,000	222,000	222,000
- allowances	60,500	66,500	30,000	33,000
- estimated monetary value of benefits-in-kind	13,196	17,170	9,350	14,175
Executive Directors:				
- salaries, bonuses and other emoluments	8,650,768	8,583,368	765,212	1,310,758
- allowances	70,800	70,800	-	-
- estimated monetary value of benefits-in-kind	99,570	100,980	24,979	30,375
- defined contribution plan	1,296,936	1,288,975	114,786	196,621
	10,732,867	10,625,793	1,166,327	1,806,929

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

	Number of Directors	
	2023	2022
Executive Directors:		
RM900,001 – RM950,000	1	-
RM1,500,001 – RM1,600,000	-	1
Non-Executive Directors:		
Less than RM50,000	2	2
RM50,001 – RM100,000	3	3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

11 TAX (CREDIT)/EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current Malaysia tax:				
- current year	2,675,213	8,620,090	816,600	1,097,302
- (over)/under accrual in the prior year	(54,497)	602,645	(7,459)	951,633
	2,620,716	9,222,735	809,141	2,048,935
Deferred taxation (Note 17):				
- origination and reversal of temporary differences	(4,209,356)	3,561,516	657,201	(121,347)
Tax (credit)/expense	(1,588,640)	12,784,251	1,466,342	1,927,588

The explanation of the relationship between tax (credit)/expense and (loss)/profit before tax is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit before tax	(18,475,349)	60,945,951	(4,048,608)	2,195,278
Tax calculated at the Malaysian tax rate of 24% (2022: 24%)	(4,434,084)	14,627,028	(971,666)	526,867
Tax effects of:				
- expenses not deductible for tax purposes	5,992,856	2,332,314	3,992,336	3,142,178
- income not subject to tax	(4,022,259)	(1,284,216)	(1,546,869)	(2,693,090)
- (over)/under accrual in the prior year	(54,497)	602,645	(7,459)	951,633
- reinvestment allowance claimed	-	(2,659,731)	-	-
- difference in tax rate	96,999	85,230	-	-
- tax losses and allowances recognised as deferred tax	-	(919,019)	-	-
- tax losses and allowances not recognised as deferred tax	832,345	-	-	-
Tax (credit)/expense	(1,588,640)	12,784,251	1,466,342	1,927,588

12 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

	Group 2023 RM	Group 2022 RM
(Loss)/Profit attributable to owners of the Company	(13,260,433)	35,030,635
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	359,417,703
Basic (loss)/earnings per share (sen)	(3.69)	9.75

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented in both the current and preceding financial years, 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 (loss)/earnings per share is the same as the basic (loss)/earnings per share.

	Group 2023 RM	Group 2022 RM
(Loss)/Profit attributable to owners of the Company	(13,260,433)	35,030,635
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	359,417,703
Diluted (loss)/earnings per share (sen)	(3.69)	9.75

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

13 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
2023							
Cost/Valuation							
At 1 July 2022							
- cost	-	-	-	15,042,159	216,023	723,910	15,982,092
- valuation	69,000,000	60,417,446	209,913,078	-	-	-	339,330,524
	69,000,000	60,417,446	209,913,078	15,042,159	216,023	723,910	355,312,616
Additions	-	101,230	9,192,571	2,082,880	-	507,502	11,884,183
Currency translation differences	-	-	-	50,293	-	-	50,293
Disposals	-	-	(131,784)	(1,458,791)	-	-	(1,590,575)
Write-offs	-	-	(216,201)	(38,914)	-	-	(255,115)
Revaluation during the financial year	8,000,000	212,063	2,382,600	-	-	-	10,594,663
Effects of elimination of accumulated depreciation on revaluation	-	(2,554,127)	(11,443,052)	-	-	-	(13,997,179)
Reclassification	-	-	717,956	4,180	(216,023)	(506,113)	-
At 30 June 2023	77,000,000	58,176,612	210,415,168	15,681,807	-	725,299	361,998,886

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

13 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
2023							
Less: Accumulated depreciation							
At 1 July 2022	-	-	-	9,311,748	-	-	9,311,748
Charge for the financial year (Note 8)	-	2,554,127	11,465,917	1,062,623	-	-	15,082,667
Currency translation differences	-	-	-	4,527	-	-	4,527
Disposals	-	-	(6,373)	(1,160,950)	-	-	(1,167,323)
Write-offs	-	-	(16,492)	(36,473)	-	-	(52,965)
Effects of elimination of accumulated depreciation on revaluation	-	(2,554,127)	(11,443,052)	-	-	-	(13,997,179)
At 30 June 2023	-	-	-	9,181,475	-	-	9,181,475
Less: Accumulated impairment loss							
At 1 July 2022	-	806,124	29,304,679	99,001	-	-	30,209,804
Charge for the financial year (Note 8)	-	259,165	6,655,645	2,441	-	-	6,917,251
Write-offs	-	-	(199,709)	(2,441)	-	-	(202,150)
At 30 June 2023	-	1,065,289	35,760,615	99,001	-	-	36,924,905
Net book value							
At 30 June 2023	77,000,000	57,111,323	174,654,553	6,401,331	-	725,299	315,892,506
Representing:							
- cost	-	-	-	6,401,331	-	725,299	7,126,630
- valuation	77,000,000	57,111,323	174,654,553	-	-	-	308,765,876
	77,000,000	57,111,323	174,654,553	6,401,331	-	725,299	315,892,506

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

13 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
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

13 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
2022							
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

In the preceding financial year, included in the Group's additions to property, plant and equipment was finance costs amounting to RM159,661 capitalised at an average capitalisation rate of 1.77%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Building RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Total RM
2023				
Cost/Valuation				
At 1 July 2022				
- cost	-	-	1,566,398	1,566,398
- valuation	111,322	749,284	-	860,606
	111,322	749,284	1,566,398	2,427,004
Additions	-	-	25,551	25,551
Disposals	-	-	(751,651)	(751,651)
Revaluation during the financial year	-	44,244	-	44,244
Elimination of accumulated depreciation on revaluation	-	(70,163)	-	(70,163)
At 30 June 2023	111,322	723,365	840,298	1,674,985
Less: Accumulated depreciation				
At 1 July 2022	-	-	1,236,036	1,236,036
Charge for the financial year (Note 8)	-	70,163	47,604	117,767
Disposals	-	-	(751,462)	(751,462)
Elimination of accumulated depreciation on revaluation	-	(70,163)	-	(70,163)
At 30 June 2023	-	-	532,178	532,178
Less: Accumulated impairment loss				
At 1 July 2022	-	279,284	80,595	359,879
Write back during the financial year (Note 8)	-	(5,919)	-	(5,919)
At 30 June 2023	-	273,365	80,595	353,960
Net book value				
At 30 June 2023	111,322	450,000	227,525	788,847
Representing:				
- cost	-	-	227,525	227,525
- valuation	111,322	450,000	-	561,322
	111,322	450,000	227,525	788,847

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

13 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 2023
(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Valuation of certain property, plant and equipment and ROU assets

Fair value of the Group's land and buildings at the end of the financial year as determined by the professional valuer is within Level 3 of the fair value hierarchy. Land and buildings of the Group were revalued in June 2023 by an independent firm of professional valuer, 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 13(v) for the details of fair value measurements using significant unobservable input (Level 3).

The Group's revaluation surplus on property, plant and equipment of RM10,594,663 (2022: RM1,678,816) and ROU assets (Note 14) amounting to RM10,064,284 (2022: RM3,991,592) were credited directly to assets revaluation reserve account and its related deferred taxation arising from the revaluation was provided accordingly (Note 17). The net revaluation deficit amounting to RM6,917,251 (2022: RM3,155,169) was taken up as impairment in profit or loss. The unusually high impairment was attributed to the Cold Rolled Coil subsidiary's new Acid Regeneration Plant first full year's non-linear drop in market value, which according to the independent valuer was common.

The Company's revaluation surplus of RM44,244 (2022: RM116,027) was credited directly to assets revaluation reserve account and its related deferred taxation arising from the revaluation was provided accordingly (Note 17). The net revaluation surplus amounting to RM5,919 (2022: impairment of RM3,861) was taken up as write back of impairment in profit or loss.

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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Freehold land	31,300,000	31,300,000	-	-
Buildings	47,688,431	50,533,363	111,322	111,322
Plant, machinery and electrical installation	190,344,756	194,961,569	286,128	305,876
	269,333,187	276,794,932	397,450	417,198

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 valuer 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 and 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).

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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 RM1,165,000 (2022: RM357,211).

As at 30 June 2023, the net book value of the property, plant and equipment under hire-purchase arrangements in the Group is RM2,226,378 (2022: RM1,229,417).

(iii) Assets pledged as securities

Property, plant and equipment amounting to RM310,597,361 (2022: RM311,750,771) of the steel subsidiaries are pledged as securities for certain banking facilities granted to the Group. Refer Note 26 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	**2023 rates**		**2022 rates**	
	MCRC	**MST**	**MCRC**	**MST**
Projection period	28 years	18 years	28 years	18 years
Pre-tax discount rate	11.5%	11.5%	9.5%	9.5%
Sales volume growth rate	3% - 5%	0%	0% - 3%	0% - 2%

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Plant, machinery and electrical installation	
	2023	2022
	RM	RM
GROUP		
At 1 July	180,608,399	162,731,112
Additions	9,192,571	6,662,947
Disposals	(125,411)	(131,073)
Revaluation during the financial year	2,382,600	1,307,886
Impairment charge for the financial year	(6,655,645)	(2,345,819)
Depreciation charge for the financial year	(11,465,917)	(10,670,347)
Transfer from construction work-in-progress and spare parts	717,956	23,053,693
At 30 June	174,654,553	180,608,399
COMPANY		
At 1 July	470,000	500,000
Revaluation during the financial year	44,244	116,027
Write back/(Impairment charge) for the financial year	5,919	(3,861)
Depreciation charge for the financial year	(70,163)	(142,166)
At 30 June	450,000	470,000

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 2023 RM	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	174,654,553	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.

As at 30 June 2023, if the unobservable input based on the useful life of the plant, machinery and electrical installation increases/decreases by one year, the fair value of the plant, machinery and electrical installation will increase/decrease by approximately RM11,465,917 (2022: RM10,670,347) respectively.

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Land and buildings	
	2023	**2022**
	RM	**RM**
GROUP		
At 1 July	128,611,322	131,111,322
Additions	101,230	508,500
Revaluation during the financial year	8,212,063	370,930
Depreciation charge for the financial year	(2,554,127)	(2,573,306)
Impairment charge for the financial year	(259,165)	(806,124)
At 30 June	134,111,323	128,611,322
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 RM100 to RM133 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 RM101 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.

14 LEASES

Information on the Group's leases and accounting changes over the current financial year are outlined below:

(A) Group

Leases as lessee

	Note	ROU assets 2023 RM	ROU assets 2022 RM	Lease liabilities 2023 RM	Lease liabilities 2022 RM
At 1 July					
Leasehold lands	(a)	85,500,000	83,000,000	-	-
Rented properties	(b)	2,171,072	1,182,643	2,228,244	1,218,679
Total		87,671,072	84,182,643	2,228,244	1,218,679
Changes to ROU assets					
Revaluation during the year	(c)	10,064,284	3,991,592	-	-
Depreciation during the year:	(d)				
- leasehold lands	8	(1,564,284)	(1,491,592)	-	-
- rented properties	8	(371,050)	(297,900)	-	-
Additions		469,852	1,339,175	-	-
Remeasurements	(g)	58,804	-	-	-
Currency exchange difference		110,945	(52,846)	-	-
Total		8,768,551	3,488,429	-	-
Changes to Lease liabilities					
Lease payment	(e)	-	-	(541,590)	(347,746)
Interest expense	(f)	-	-	243,701	105,262
Currency exchange differences		-	-	140,442	(61,126)
Additions		-	-	469,852	1,313,175
Remeasurements	(g)	-	-	58,804	-
Total		-	-	371,209	1,009,565
At 30 June					
Leasehold lands		94,000,000	85,500,000	-	-
Rented properties		2,439,623	2,171,072	2,599,453	2,228,244
Total	(h)	96,439,623	87,671,072	2,599,453	2,228,244

14 LEASES (CONTINUED)

(A) Group (continued)

Leases as lessee (continued)

(a) The Group's leasehold lands comprise of the following properties on-which its factory plants were erected. The property lessor is the Selangor State Government with no corresponding lease liabilities to the lessor. The leasehold land under the Group's Steel Tube subsidiary is pledged against a banking facility.

Description		Registered title owner	Lease expiry date	Remaining leasehold period	Value (RM)
i.	Lot 53, Persiaran Selangor	MST	22.05.2078	55	26,000,000
ii.	Lot 49, Jalan Utas 15/17	MIG	13.04.2072	49	41,000,000
iii.	Lot 10, Persiaran Selangor	MIG	11.05.2085	62	27,000,000
					94,000,000

The total net book value of these leasehold land that would have been included in the financial statements had these assets been carried at deemed costs less accumulated depreciation is RM35,894,933 (2022: RM36,562,071).

(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 food trading subsidiary and its edible oil subsidiary also operate from rented facilities, a shop lot situated at Batu Caves, and a shop lot lease in Rawang, respectively. During the current financial year, its distribution and retail subsidiary in Cambodia has secured an additional leased spaces in Phnom Penh, bringing the total to three outlets in the city. 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	31.03.2028	Nil
iii.	Level 15, No. 566 Jalan Ipoh	RM7,251	RM14,503	30.11.2023	Nil
iv.	No. 23 Jalan Cempaka Utama, Rawang	RM1,700 RM1,800	RM3,600	31.07.2023 31.07.2024	2 years
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
viii.	Street Lum, House#15A, Village #4. Sangkat Chrang Chamres 1, Khan Russey Keo, Phnom Penh	USD400	USD2,000	30.06.2027	5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

14 LEASES (CONTINUED)

(A) Group (continued)

Leases as lessee (continued)

(b) 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 5.8% to 9.0% (2022: 3.4% to 9.0%). 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 (viii) above relates to the Group's food trading, distribution, and retail businesses. 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 13(v) to the financial statements.

(d) This amount represents the depreciation of the ROU assets on straight-line basis over the term of the lease and assumed renewal period where applicable.

(e) This amount represents the contractual rent payments for the rented properties which denotes as settlement of the amortised lease liabilities and corresponding implicit interest expense over the current financial year.

(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) Included in remeasurement of lease liabilities are the changes in lease payment and lease term of the leased shop lot in Rawang.

(h) 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:

	2023 RM	2022 RM
Current	300,370	319,456
Non-current	2,299,083	1,908,788
	2,599,453	2,228,244

Leases as lessor

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

14 LEASES (CONTINUED)

(B) Company

Leases as lessee

	Note	ROU assets 2023 RM	ROU assets 2022 RM	Lease liabilities 2023 RM	Lease liabilities 2022 RM
At 1 July					
Rented office space	(a)	109,561	186,897	104,678	183,137
Changes to ROU assets					
Depreciation during the year (Note 8)	(b)	(77,337)	(77,336)	-	-
Changes to Lease liabilities					
Lease payment	(c)	-	-	(87,016)	(87,017)
Interest expense (Note 9)	(d)	-	-	3,884	8,558
		-	-	(83,132)	(78,459)
At 30 June					
Rented office space	(e)	32,224	109,561	21,546	104,678

(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.

14 LEASES (CONTINUED)

(B) Company (continued)

Leases as lessee (continued)

(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.

(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:

	2023 RM	2022 RM
Current	21,546	83,132
Non-current	-	21,546
	21,546	104,678

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

15 INVESTMENT PROPERTIES

	Company	
	2023 RM	2022 RM
Leasehold land and buildings		
At 1 July	72,000,000	72,000,000
Additions	101,230	508,500
Fair value gain/(loss) (Note 8)	5,898,770	(508,500)
At 30 June	78,000,000	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. 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 years have been determined by CBRE WTW Valuation & Advisory Sdn. Bhd., an independent professional valuation firm.

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.

15 INVESTMENT PROPERTIES (CONTINUED)

	Description	Lease expiry date	Remaining leasehold period	Value (RM)
i.	Lot 49, Jalan Utas 15/17	13.04.2072	49	47,000,000
ii.	Lot 10, Persiaran Selangor	11.05.2085	62	31,000,000
				78,000,000

Direct operating expenses attributable to the rental income generated from these investment properties at Company level totalled RM451,430 (2022: RM480,754).

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

	2023 RM	2022 RM
Not later than 1 year	5,040,000	5,040,000
Later than 1 year but not later than 2 years	4,620,000	5,040,000
Later than 2 years but not later than 3 years	-	4,620,000
Total	9,660,000	14,700,000

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 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	(22,410,229)	(22,410,227)
	88,067,455	88,067,457
Market value of quoted shares	80,011,887	110,319,421
The movements of investments in subsidiaries are as follows:		
At 1 July	88,067,457	88,067,457
Less: Impairment charge for the year (Note 8)	(2)	-
At 30 June	88,067,455	88,067,457

16 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	2023 rates		2022 rates	
	MCRC	MST	MCRC	MST
Terminal growth rate	0%	0%	4%	4%
Pre-tax discount rate	15.5%	15.5%	14.65%	14.65%
Sales volume growth rate	0% - 5%	0%	0% - 3%	0% - 2%

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 2023 %	Group's effective interest 2022 %
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

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Investments in Mycron Steel Berhad ("MSB") (continued)

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

Name	Principal activities	Group's effective interest MCRC %	MST %
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") [(1)]	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
Subsidiaries of 3Bumi			
3Bumi Trading Sdn Bhd ("3BT") [(1)(5)]	Trading of frozen meat and seafood	90.0	80.0
3Bumi Oleo Sdn Bhd ("3BO") [(1)]	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 KPMG 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) On 1 July 2022, 3Bumi has purchased an additional 100,000 shares in 3BT from a non-controlling interest, with a total cash consideration of RM1, thereby increasing its shareholding in 3BT from 80% to 90%. Refer Note 29 to the financial statements for further details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

The summarised financial information of MSB are as follows:

	MSB Group 2023 RM	2022 RM
Statement of Comprehensive Income		
Revenue for the financial year	539,994,710	745,875,354
Net (loss)/profit for the financial year	(12,335,858)	52,728,482
Total comprehensive (loss)/income	(1,218,254)	56,809,467
Statement of Financial Position		
Current assets	327,213,196	469,534,177
Non-current assets	378,913,573	382,103,411
Current liabilities	(143,087,491)	(269,624,363)
Non-current liabilities	(69,595,465)	(87,351,158)
Net assets	493,443,813	494,662,067
Statement of Cash Flows		
Net operating cash flows	(13,302,718)	26,629,161
Net investing cash flows	(7,700,082)	(11,972,686)
Net financing cash flows	(12,634,584)	6,147,185
Net change in cash and cash equivalents	(33,637,384)	20,803,660
Non-controlling interests effective equity interest	25.9%	25.9%
Carrying amount of non-controlling interests	127,635,105	126,290,755
Net (loss)/profit for the financial year attributable to non-controlling interests of the Group	(3,190,816)	13,694,706
Total comprehensive (loss)/income attributable to non-controlling interests of the Group	(315,116)	14,750,302

17 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	591,026	637,294	-	-
Deferred tax liabilities				
- deferred tax liabilities to be settled after more than 12 months	(56,555,473)	(56,972,950)	(18,262,284)	(17,594,464)
	(55,964,447)	(56,335,656)	(18,262,284)	(17,594,464)
At 1 July	(56,335,656)	(51,973,243)	(17,594,464)	(17,687,965)
Credited/(Debited) to the profit or loss (Note 11):				
- property, plant and equipment	1,533,275	312,700	(2,118,840)	35,507
- investment properties	-	-	1,463,030	86,110
- right-of-use assets	215,035	29,829	18,561	18,560
- lease liabilities	86,650	250,394	(19,952)	(18,830)
- unutilised tax losses	(57,509)	(1,224,276)	-	-
- unabsorbed capital allowances	2,605,262	-	-	-
- unutilised reinvestment allowance	(173,357)	(2,930,163)	-	-
	4,209,356	(3,561,516)	(657,201)	121,347
(Debited)/Credited to asset revaluation reserve:				
- property, plant and equipment	(1,422,719)	157,085	(10,619)	(27,846)
- right-of-use assets	(2,415,428)	(957,982)	-	-
	371,209	(4,362,413)	(667,820)	93,501
At 30 June	(55,964,447)	(56,335,656)	(18,262,284)	(17,594,464)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

17 DEFERRED TAX (CONTINUED)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Subject to income tax:				
Deferred tax assets (before offsetting):				
- lease liabilities	618,568	531,918	5,171	25,123
- unutilised reinvestment allowance	10,349,332	10,522,689	-	-
- unutilised tax losses	3,151,597	3,209,106	-	-
- unabsorbed capital allowances	2,605,262	-	-	-
	16,724,759	14,263,713	5,171	25,123
Offsetting	(16,133,733)	(13,626,419)	(5,171)	(25,123)
Deferred tax assets (after offsetting)	591,026	637,294	-	-
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(47,823,716)	(48,734,272)	(2,238,337)	(108,878)
- investment properties	-	-	(16,021,384)	(17,484,414)
- right-of-use assets	(18,584,464)	(16,384,071)	(7,734)	(26,295)
	(66,408,180)	(65,118,343)	(18,267,455)	(17,619,587)
Offsetting	16,133,733	13,626,419	5,171	25,123
	(50,274,447)	(51,491,924)	(18,262,284)	(17,594,464)
Subject to real property gains tax:				
Deferred tax liabilities:				
- freehold land	(6,281,026)	(5,481,026)	-	-
Deferred tax liabilities (after offsetting)	(56,555,473)	(56,972,950)	(18,262,284)	(17,594,464)
Deferred tax liabilities (cumulative amount charged to equity)	(8,967,230)	(6,937,071)	(134,730)	(124,110)

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. Under the Malaysia Finance Act 2021 gazetted on 31 December 2021, the allowable carry forward period for unutilised tax losses has been extended by legislature from 7 consecutive years to 10 consecutive years.

17 DEFERRED TAX (CONTINUED)

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	
	2023 **RM**	**2022** **RM**
Deductible temporary differences	319,496	625,809
Unutilised capital allowances	13,855,361	13,682,845
<u>Unutilised tax losses</u>		
2028	215,958	310,705
2029	111,614	111,614
2030	128,722	128,722
2031	567,854	567,854
2032	2,650,765	2,650,765
2033	3,739,906	-
	21,589,676	18,078,314
Deferred tax assets not recognised at 24% (2022: 24%)	5,181,522	4,338,795

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

18 INVENTORIES

	Group	
	2023 RM	2022 RM
Raw materials	94,434,678	177,294,756
Work-in-progress	2,017,860	5,831,718
Finished goods	74,229,308	107,960,898
Consumables	8,869,353	5,684,965
	179,551,199	296,772,337
Write-down of inventories	(1,182,080)	(9,974,697)
	178,369,119	286,797,640

Included in raw materials and finished goods are goods-in-transit amounting to RM1,434,505 (2022: RM296,698) and Nil (2022: RM5,021,501) respectively.

In relation to the Cold Rolled Coil and Steel Tube segments, the impairment in the current financial year was done at the end of the 2nd financial quarter. The declining steel price-trend since April 2022 (in the preceding financial year) continued into the current 2nd financial quarter, bottoming-out only towards early December 2022. The decline has a lagging-negative-impact on margins and inventory measurement (under MFRS 102) for both the Cold Rolled Coil and Steel Tube segments due to the nature of its supply & internal value-chain - consistent with the steel industry. In this regard, inventory measurement at the close of the 2nd financial quarter was adjusted for subsequent events, necessitated inventory write-down amounting to RM3,506,436 (2022: RM9,974,697) for the Cold Rolled Coil subsidiary, and RM6,315,457 (2022: Nil) for the Steel Tube subsidiary.

Meanwhile, for the Food Trading subsidiary, specific high-quality raw meat products have experienced a continuous decrease in selling prices since November 2022, with the decline exceeding 20% from its peak beyond the current reporting period. As a result, an inventory write-down of RM1,182,080 (2022: Nil) has been made.

Inventories expensed to ‘cost of sales’ during the current financial year amounted to RM471,339,146 (2022: RM602,662,294).

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables [a]	68,927,084	72,356,960	-	-
Less: Accumulated impairment	(1,270,635)	(1,261,348)	-	-
	67,656,449	71,095,612	-	-
Other receivables [b]	2,215,391	3,245,733	16,575	31,730
Less: Accumulated impairment	(1,090,080)	(1,239,785)	-	-
	1,125,311	2,005,948	16,575	31,730
Dividend receivable	-	-	-	7,273,808
Refundable deposits	1,565,176	1,571,391	72,890	75,490
Prepayments	1,449,832	805,995	86,843	86,742
	3,015,008	2,377,386	159,733	7,436,040
Total receivables, deposits and prepayments	71,796,768	75,478,946	176,308	7,467,770

[a] Based on the Expected Credit Loss ("ECL") model assessment, a few subsidiaries have 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, the Steel Tube subsidiary has made a reversal of impairment on other receivables of RM131,381 upon settlement of its outstanding debts and a write-off of its allowance provision of RM31,800 when it was determined to be irrecoverable. The Food subsidiary has also made an impairment provision on advances made to its supplier of RM13,476 (2022: RM161,155) which has been determined to be irrecoverable during the financial year.

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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				
2023				
Gross carrying amount	1,125,311	-	1,090,080	2,215,391
Loss allowance	-	-	(1,090,080)	(1,090,080)
Net carrying amount	1,125,311	-	-	1,125,311
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
COMPANY				
2023				
Gross/Net carrying amount	16,575	-	-	16,575
2022				
Gross/Net carrying amount	31,730	-	-	31,730

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 July	2,600,000	-	-	-
Additions	2,132,000	3,304,000	2,132,000	104,000
Fair value gain/(loss) (Note 8)	269,284	(587,750)	(30,716)	12,250
Interest income	1,449	-	1,449	-
Disposal	-	(116,250)	-	(116,250)
At 30 June	5,002,733	2,600,000	2,102,733	-

GROUP

a) Quoted shares

In the preceding financial year, the Company's listed subsidiary, Mycron Steel Berhad ("MSB") subscribed for 10,000,000 Unitrade Industries Berhad's ("Unitrade") Initial Public Offerings ("IPO") shares at 32.0 sen per share for a total outlay of RM3,200,000, which represented around 0.6% of Unitrade's enlarged post-IPO share capital.

The investment was made by MSB at the recommendation of its steel subsidiaries on the agreement that the steel subsidiaries borne the capital gains/(losses) of the said investment. MSB stands to benefit from its direct 100% holdings in the steel subsidiaries, and 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 29.0 sen per share on 30 June 2023 (2022: 26.0 sen), resulting in a mark-to-market gain of RM300,000 (2022: loss of RM600,000) charged to the Group's statement of comprehensive income (Note 8).

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.

GROUP AND COMPANY

a) Quoted shares

On 14 July 2022, the Company subscribed for 1,200,000 shares of KNM Group Berhad at 11.0 sen per share for a total outlay of RM132,000. KNM share price closed at 8.5 sen per share on 30 June 2023, resulting in a mark-to-market loss of RM30,000 (Note 8) charged to the Company's statement of comprehensive income in the current financial year.

In the preceding 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.

This investment is reflected in Note 6 as a financial instrument fair valued at Level 1 hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

GROUP AND COMPANY (CONTINUED)

b) Investment funds

During the current financial year, the Company invested RM2,000,000 into an investment funds, which generated an interest income of RM1,449 with a resulting fair value loss of RM716 (Note 8) as at the close of the financial year.

This investment is reflected in Note 6 as a financial instrument fair valued at Level 2 hierarchy.

21 DERIVATIVE 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 statement of comprehensive income, and closing fair values are recognised in the statements of financial position as either current financial assets or liabilities.

	Group			
	2023		2022	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
Forward foreign currency exchange contract - fair value through profit and loss (not designated)	-	-	6,096	(7,518)
Forward foreign currency exchange contract - fair value through profit and loss (designated)	1,061,863	-	4,809,133	-
	1,061,863	-	4,815,229	(7,518)

21 DERIVATIVE 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 2023

Forward foreign currency exchange contracts as hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2023	7,035,000	4.5655	784,118	-
August 2023	2,348,000	4.5777	223,998	-
September 2023	1,280,000	4.6161	53,747	-
Total	10,663,000		1,061,863	-

Contracted payment obligation and/or a/c payables as hedge item

Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2023	7,035,000	4.5655	-	(784,118)
August 2023	2,348,000	4.5777	-	(223,998)
September 2023	1,280,000	4.6161	-	(53,747)
Total	10,663,000		-	(1,061,863)

Net fair value gain from the hedging instruments of RM1,061,863 and the corresponding net fair value loss from the hedged item of RM1,061,863 are taken-up in the statement of comprehensive income.

As at 30 June 2022

Forward foreign currency exchange contracts as hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2022	10,637,000	4.2118	2,071,105	-
August 2022	12,916,000	4.2331	2,237,767	-
September 2022	1,000,000	4.2528	151,692	-
October 2022	2,944,000	4.2838	348,569	-
Total	27,497,000		4,809,133	-

Contracted payment obligation and/or a/c payables as hedge item

Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2022	10,637,000	4.2118	-	(2,071,105)
August 2022	12,916,000	4.2331	-	(2,237,767)
September 2022	1,000,000	4.2528	-	(151,692)
October 2022	2,944,000	4.2838	-	(348,569)
Total	27,497,000		-	(4,809,133)

Net fair value gain from the hedging instruments of RM4,809,133 and the corresponding net fair value loss from the hedged item of RM4,809,133 were taken-up in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

21 DERIVATIVE 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

In the current financial year, there was no forward foreign currency exchange contract as undesignated hedge instrument.

In the preceding financial year, there were forward foreign currency exchange contracts as undesignated hedge instrument as shown below:

			Fair value	
Maturity period of contract	**Notional value short SGD**	**Average contracted rate SGD/RM**	**Financial assets RM**	**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)

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 RM4,165,177 (2022: gain of RM503,079) from its forward foreign currency exchange contracts with a corresponding realised net foreign exchange loss of RM4,238,489 (2022: loss of RM662,259) 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.

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

COMPANY

The Company's derivatives comprise solely of 20,188,722 (2022: 20,188,722) 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).

In the preceding financial year, the Company disposed 16,300 listed detachable warrants at 41.75 sen per warrant for a consideration of RM6,805.

	2023 RM	2022 RM
At 1 July	8,378,320	5,051,256
Fair value (loss)/gain on derivatives (Note 8)	(6,258,504)	3,333,869
Disposal of warrants	-	(6,805)
At 30 June	2,119,816	8,378,320

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

22 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 (2022: 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	
	2023 RM	2022 RM
Amounts due from subsidiaries: [a]		
Non-trade	28,329,574	21,632,048
Less: Accumulated impairment (Note 5(c)(iv)) [b]	(28,325,500)	(21,625,884)
	4,074	6,164
Amounts due to subsidiaries: [c]		
Non-trade	(1,580,100)	(1,290,200)
	(1,580,100)	(1,290,200)

[a] The 'amounts due from subsidiaries' for the current financial year comprise mostly advances, and charge-back of payments made on behalf.

[b] During the current financial year, the Company made impairment charges on the advances made to its subsidiaries of RM6,699,616 (2022: RM9,365,078) due to non-performance.

[c] The 'amounts due to subsidiaries' comprise mainly of advance given by subsidiaries to the Company.

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits with licensed banks	37,151,335	91,340,140	-	-
Cash and bank balances	43,901,512	23,411,165	1,340,505	1,182,095
Cash and cash equivalents	81,052,847	114,751,305	1,340,505	1,182,095

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

	Group		Company	
	2023 % per annum	2022 % per annum	2023 % per annum	2022 % per annum
Deposits with licensed banks	2.84	1.84	-	-
Cash and bank balances	-	0.11	-	-

These unrestricted deposits with licensed banks of the Group and of 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 45 days (2022: 1 and 47 days). The Company does not have any money market REPO at the close of the current financial year.

24 PAYABLES AND ACCRUED LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	27,957,603	154,575,661	-	-
Other payables	10,336,259	8,280,539	190,276	461,526
Accruals	4,552,246	8,472,045	567,383	299,972
Deposits received	-	86,226	567,500	567,500
Dividend payable to non-controlling interests of a subsidiary	-	2,537,920	-	-
Provision for construction contracts	25,734	50,062	-	-
Provision for restoration costs	119,000	-	-	-
Advances received from customers	400,000	1,069,132	-	-
	43,390,842	175,071,585	1,325,159	1,328,998

Included in trade payables are interest bearing suppliers' credit with balances amounting to RM27,558,486 (2022: RM13,728,267). These credit facilities have interest bearing credit periods of up to 150 days (2022: 150 days).

The remaining payables and accrued liabilities are generally interest free and within accorded interest free credit periods ranging between cash terms to 60 days (2022: cash term to 150 days).

25 CONTRACT LIABILITIES

	Group 2023 RM	Group 2022 RM
Contract liabilities	6,418,669	7,838,246

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 2023 RM	Group 2022 RM
At 1 July	7,838,246	23,382,740
- considerations received	8,248,070	72,455,052
- revenue recognised	(9,667,647)	(87,999,546)
At 30 June	6,418,669	7,838,246
Composition of closing contract liabilities:		
- payment received or receivable for work not performed	6,418,669	7,838,246

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 RM7,838,246 (2022: RM22,990,670) recognised in the current year relates to brought forward contract liabilities.

26 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 2023 RM	Group 2022 RM
Current		
Bankers' acceptance	78,010,000	71,935,000
Hire-purchase creditors	478,476	316,155
Term loan	10,180,884	5,833,332
Mortgage loan	2,193,665	2,050,781
	90,863,025	80,135,268
Non-current		
Hire-purchase creditors	645,715	114,361
Term loan	-	10,180,884
Mortgage loan	10,088,559	12,224,652
	10,734,274	22,519,897
Total		
Bankers' acceptance	78,010,000	71,935,000
Hire-purchase creditors	1,124,191	430,516
Term loan	10,180,884	16,014,216
Mortgage loan	12,282,224	14,275,433
	101,597,299	102,655,165

The Group's total interest cost attributed to the above borrowings for the current financial year is RM4,791,297 (2022: RM4,953,553) compared to the preceding financial year. Certain interest during the financial year has been capitalised to property, plant and equipment as disclosed in Note 13. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

26 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

GROUP	Contractual interest rate at reporting date per annum	Functional currency/ currency exposure	Total carrying amount RM	Maturity profile <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 2023									
Secured									
- Bankers' acceptance [a]	4.49% - 5.23%	RM	78,010,000	78,010,000	-	-	-	-	-
- Hire-purchase creditors	2.29% - 2.55%	RM	1,124,191	478,475	257,565	151,932	132,909	103,310	-
- Term loan [a]	4.76% - 5.52%	RM	10,180,884	5,833,332	4,347,552	-	-	-	-
- Mortgage loan [b]	4.33% - 5.49%	RM	12,282,224	2,148,840	2,234,663	2,323,913	2,416,730	2,513,252	644,826
			101,597,299	86,470,647	6,839,780	2,475,845	2,549,639	2,616,562	644,826
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 13(iii)).

[b] Mortgage loan is taken by the Steel Tube subsidiary and secured against a corporate guarantee from its immediate holding company, Mycron Steel Berhad and a first party open charge on the leasehold land and building.

26 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

	Group	
	2023 RM	2022 RM
Total carrying amount		
Secured	101,597,299	102,655,165

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	
	2023 per annum	2022 per annum
Bankers' acceptance	4.83%	3.63%
Hire-purchase creditors	2.36%	2.37%
Term loan	4.31%	4.25%
Mortgage loan	5.18%	4.09%

The stated contractual interest rate for the hire-purchase is at 'flat-rate', whilst the rest are on 'reducing balance' basis.

At the close of the current financial year, the Cold Rolled Coil subsidiary fell-short in meeting a 'debt-service-cover-ratio' (DSCR) covenant in-relation to its short-term tradeline borrowings, and has since sought indulgence from two affected lenders. Arising from that, RM4,347,552 has been reclassified from 'long-term borrowing' to 'short-term borrowing' – as reflected in the above. The said subsidiary and the Group remain in comfortable net current asset position after the reclassification.

The Cold Rolled Coil subsidiary financial results have also affected the Steel Tube subsidiary's Group DSCR covenant and that subsidiary has also sought indulgence from one affected lender.

The continuing availability of the aforementioned debt facilities to the said subsidiaries are unaffected.

Besides the DSCR covenant, the Group and the subsidiaries complied with all the relevant covenants set out in the respective facility agreements for the current and preceding financial year. Refer to Notes 5 (a) and (b) for further details.

26 BORROWINGS (CONTINUED)

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

	Group	
	2023 RM	2022 RM
Future minimum lease payment of hire-purchase creditors:		
Payable within one year	530,456	342,819
Payable between one and two years	282,149	108,797
Payable between two and three years	165,249	12,500
Payable between three and four years	140,049	-
Payable between four and five years	105,038	-
	1,222,941	464,116
Less: Future finance charges	(98,750)	(33,600)
Present value	1,124,191	430,516
Carrying amount of hire-purchase creditors:		
Payable within one year	478,475	316,155
Payable between one and two years	257,565	102,091
Payable between two and three years	151,932	12,270
Payable between three and four years	132,909	-
Payable between four and five years	103,310	-
Carrying amount	1,124,191	430,516

Hire-purchase creditors are effectively secured as the rights to assets revert to the lessors in the event of default.

27 SHARE CAPITAL

	Group/Company			
	2023		2022	
	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.

28 WARRANT RESERVE

	Group/Company			
	2023		2022	
	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. Subsequent to the financial year end, 66,909,018 units of the unexercised warrants expired on 18 August 2023 and delisted from Bursa Securities on 21 August 2023.

29 ACQUISITION OF NON-CONTROLLING INTERESTS – 3BT

In July 2022, the Group acquired an additional 10% interest in 3BT for RM1 in cash, increasing its ownership from 80% to 90%. The carrying amount of 3BT’s net liabilities in the Group’s financial statements on the date of the acquisition was RM3,731,905. The Group recognised an increase in non-controlling interests of RM373,191 and a decrease in retained earnings of RM373,192.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

30 ASSETS REVALUATION RESERVE

The assets revaluation reserve is used to record changes on fair value surplus of the Group's property, plant and equipment (see Note 13) and right-of-use assets (see Note 14) pursuant to its annual independent revaluation. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy Note 3.3 for details.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 July	76,806,889	72,992,974	393,031	304,850
Revaluation surplus on:				
- property, plant and equipment	10,594,663	1,678,816	44,244	116,027
- right-of-use assets	10,064,284	3,991,592	-	-
Deferred tax:				
- property, plant and equipment	(1,422,719)	157,085	(10,619)	(27,846)
- right-of-use assets	(2,415,428)	(957,982)	-	-
Non-controlling interests share in revaluation surplus on:				
- property, plant and equipment	(2,301,130)	(877,397)	-	-
- right-of-use assets	(574,569)	(178,199)	-	-
At 30 June	90,751,990	76,806,889	426,656	393,031

31 DEFERRED INCOME ON GRANT

	Group	
	2023 RM	2022 RM
At 1 July	5,883,958	6,036,458
Recognised in profit or loss (Note 8)	(152,500)	(152,500)
At 30 June	5,731,458	5,883,958
Analysed as:		
- Non-current	5,731,458	5,883,958

In 2021, 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. 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.

32 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 2023 RM	Group 2022 RM
Trade related – received/receivable			
Related company			
MAAX Factor Sdn Bhd	Factoring proceeds	-	456,725
MAAX Factor Sdn Bhd	Factoring repaid	-	(456,725)
Non-trade related – paid/payable			
Related companies			
Trace Management Services Sdn Bhd	Corporate secretarial services	(365,378)	(378,991)
MAA Corporation Sdn Bhd	Rental	(107,098)	(107,098)

Entity	Type of transaction	Company 2023 RM	Company 2022 RM
Trade related – received/receivable			
Subsidiaries			
Melewar Steel Tube Sdn Bhd	Rental income, net of discount	5,040,000	3,808,425
Melewar Steel Tube Sdn Bhd	Management fee income	1,260,000	1,500,000
Melewar Steel Tube Sdn Bhd	Payment received	(6,300,000)	(5,443,425)
Mycron Steel CRC Sdn Bhd	Management fee income	1,260,000	1,500,000
Mycron Steel CRC Sdn Bhd	Payment received	(1,260,000)	(1,720,900)
Melewar Steel Mills Sdn Bhd	Dividend income	150,000	600,000
Mycron Steel Berhad	Dividend income	-	7,273,808

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

32 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 2023 RM	Company 2022 RM
Non-trade related – received/receivable			
Subsidiaries			
Melewar Steel Tube Sdn Bhd	Advances repaid	(476,070)	(488,262)
Melewar Steel Tube Sdn Bhd	Expenses paid on behalf	473,479	494,426
Mycron Steel CRC Sdn Bhd	Expenses paid on behalf	281,122	284,244
Mycron Steel CRC Sdn Bhd	Advances repaid	(281,122)	(284,644)
Melewar Steel Assets Sdn Bhd	Advances given	8,000	8,000
Melewar Imperial Limited	Advances given	1,365,919	946,256
Melewar Imperial Limited	Expenses paid on behalf	30,372	-
Ausgard Quick Assembly Systems Sdn Bhd	Advances given	-	82,092
3Bumi Sdn Bhd	Advances given	5,104,763	8,235,730
3Bumi Sdn Bhd	Expenses paid on behalf	190,562	93,632
Non-trade related – paid/payable			
Subsidiaries			
Melewar Steel Services Sdn Bhd	Advances received	-	(500,000)
Melewar Steel Mills Sdn Bhd	Advances received	(290,000)	(790,000)
Melewar Steel Tube Sdn Bhd	Advances repaid	17,544	15,480
Melewar Steel Tube Sdn Bhd	Expenses paid on behalf	(17,444)	(14,980)
Related companies			
Trace Management Services Sdn Bhd	Corporate secretarial services	(167,363)	(303,325)
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.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel are those persons, having the authority and responsibility for planning, directing and controlling the activities of the Group and 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		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonuses and other emoluments	12,606,641	12,468,141	1,496,786	2,166,147
Allowances	423,563	414,200	322,263	127,500
Estimated monetary value of benefits-in-kind	112,766	118,150	34,329	44,550
Defined contribution plan	1,780,302	1,767,446	170,932	242,280
	14,923,272	14,767,937	2,024,310	2,580,477

33 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 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 negotiated 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.

33 SEGMENTAL ANALYSES (CONTINUED)

	Steel tube RM	Cold rolled coil RM	Investment holding RM	Others RM	Total RM
2023					
Revenue					
Total revenue	274,899,346	292,256,120	14,023,059	9,569,352	590,747,877
Inter segment	-	(25,184,504)	(14,023,059)	(1,876,913)	(41,084,476)
Total revenue	274,899,346	267,071,616	-	7,692,439	549,663,401
Segmented by steel products:					
- cold rolled coils	-	255,127,456	-	-	255,127,456
- steel tubes and pipes	271,053,902	-	-	85,104	271,139,006
- steel scraps and by-products	725,659	7,447,618	-	-	8,173,277
Processing service income	3,119,785	4,496,542	-	-	7,616,327
Trading of foods	-	-	-	7,015,034	7,015,034
Lease rental income:					
- others	-	-	-	166,994	166,994
Construction contracts	-	-	-	425,307	425,307
Total revenue	274,899,346	267,071,616	-	7,692,439	549,663,401
Segment results					
Profit/(loss) from operations	1,327,759	(12,644,194)	(11,267,749)	(6,189,870)	(28,774,054)
Finance income	413,819	1,077,561	45,098	40	1,536,518
Finance costs	(4,345,033)	(2,016,216)	(18,764)	(239,817)	(6,619,830)
(Loss)/profit before tax	(2,603,455)	(13,582,849)	(11,241,415)	(6,429,647)	(33,857,366)
Consolidation elimination *	10,611,941	6,758,345	(1,096,643)	(891,626)	15,382,017
	8,008,486	(6,824,504)	(12,338,058)	(7,321,273)	(18,475,349)
Tax (expense)/credit	(643,051)	2,967,496	(684,978)	(50,827)	1,588,640
Net profit/(loss) after tax	7,365,435	(3,857,008)	(13,023,036)	(7,372,100)	(16,886,709)

* Major items include intercompany impairments of RM14,421,515, reversal of fair value gain on investment properties of RM5,898,770, reversal of fair value loss on financial assets at fair value through profit or loss of RM6,258,504, intercompany elimination of depreciation on ROU assets of RM4,463,813 and recognition of depreciation of RM1,561,191 arising from conversion of investment properties ("IP") to property, plant and equipment ("PPE") at Group level and inter segment elimination.

33 SEGMENTAL ANALYSES (CONTINUED)

	Steel tube RM	Cold rolled coil RM	Investment holding RM	Others RM	Total RM
2023					
Segment assets					
Total segment assets	303,128,561	406,347,063	86,895,240	13,242,788	809,613,652
Consolidation elimination #	(52,527,763)	(7,789,542)	135,614	(878,365)	(61,060,056)
Total segment assets	250,600,798	398,557,521	87,030,854	12,364,423	748,553,596
Other information					
Depreciation:					
- property, plant and equipment	3,451,705	10,898,766	610,076	122,120	15,082,667
- right-of-use assets	422,788	-	1,218,833	293,713	1,935,334
Impairment loss/(write back):					
- property, plant and equipment	271,570	6,651,600	(5,919)	-	6,917,251
- trade receivables	-	-	-	6,878	6,878
- other receivables	(131,381)	-	-	13,476	(117,905)
Write-down of inventories	6,315,457	3,506,436	-	1,182,080	11,003,973
Additions of property, plant and equipment	4,693,335	5,902,150	126,781	1,161,917	11,884,183

Relates to reversal of fair value gain of IP of RM78,000,000 recognised as PPE at Group level, reversal of intangible assets of RM27,507,403 and offset by the elimination of intercompany ROU assets of RM46,013,796 at Group level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

33 SEGMENTAL ANALYSES (CONTINUED)

	Steel tube RM	Cold rolled coil RM	Investment holding RM	Others RM	Total RM
2022					
Revenue					
Total revenue	294,998,992	496,591,727	19,973,405	10,675,561	822,239,685
Inter segment	(2,426,384)	(45,715,365)	(19,973,405)	(1,878,256)	(69,993,410)
Total revenue	292,572,608	450,876,362	-	8,797,305	752,246,275
Segmented by steel products:					
- cold rolled coils	-	427,333,295	-	-	427,333,295
- steel tubes and pipes	289,723,041	-	-	224,280	289,947,321
- steel scraps and by-products	942,760	11,077,986	-	-	12,020,746
Processing service income	1,906,807	12,465,081	-	-	14,371,888
Trading of foods	-	-	-	8,368,029	8,368,029
Lease rental income:					
- others	-	-	-	204,996	204,996
Total revenue	292,572,608	450,876,362	-	8,797,305	752,246,275
Segment results					
Profit/(loss) from operations	31,121,648	37,608,525	(1,541,849)	(3,679,036)	63,509,288
Finance income	186,214	1,123,455	67,962	645	1,378,276
Finance costs	(3,968,175)	(1,599,429)	(36,374)	(108,223)	(5,712,201)
Profit/(loss) before tax	27,339,687	37,132,551	(1,510,261)	(3,786,614)	59,175,363
Consolidation elimination *	8,267,444	4,955,243	(10,612,282)	(839,817)	1,770,588
	35,607,131	42,087,794	(12,122,543)	(4,626,431)	60,945,951
Tax expense	(5,761,786)	(4,953,930)	(1,845,196)	(223,339)	(12,784,251)
Net profit/(loss) after tax	29,845,345	37,133,864	(13,967,739)	(4,849,770)	48,161,700

* Major items include write back of impairment on amounts due from subsidiaries of RM22,929,452, reversal of dividend paid by subsidiaries of RM16,399,808, intercompany elimination of depreciation on ROU assets of RM3,307,291 and recognition of depreciation of RM1,430,007 arising from conversion of investment properties (“IP”) to property, plant and equipment (“PPE”) at Group level and inter segment elimination.

33 SEGMENTAL ANALYSES (CONTINUED)

	Steel tube RM	Cold rolled coil RM	Investment holding RM	Others RM	Total RM
2022					
Segment assets					
Total segment assets	353,255,906	491,773,852	95,383,754	17,357,928	957,771,440
Consolidation elimination #	(58,723,540)	(8,073,684)	(7,138,195)	(745,994)	(74,681,413)
Total segment assets	294,532,366	483,700,168	88,245,559	16,611,934	883,090,027
Other information					
Depreciation:					
- property, plant and equipment	3,400,861	10,187,916	620,998	86,937	14,296,712
- right-of-use assets	406,480	-	1,162,449	220,563	1,789,492
Impairment loss/(write back):					
- property, plant and equipment	338,621	2,812,687	3,861	-	3,155,169
- trade receivables	(19,404)	-	-	630,419	611,015
- other receivables	413,487	-	-	161,155	574,642
Write-down of inventories	-	9,974,697	-	-	9,974,697
Shutdown overheads	1,943,986	3,962,804	-	-	5,906,790
Additions of property, plant and equipment	3,208,253	8,406,070	150,035	230,124	11,994,482
Additions of right-of-use assets	-	-	-	1,339,175	1,339,175

Relates to reversal of fair value gain of IP of RM72,000,000 recognised as PPE at Group level, reversal of intangible assets of RM27,507,403 and offset by the elimination of intercompany ROU assets of RM35,549,982 at Group level.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
(CONTINUED)

33 SEGMENTAL ANALYSES (CONTINUED)

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

	Group	
	2023 RM	2022 RM
Segment assets	748,553,596	883,090,027
Derivatives financial assets	1,061,863	4,815,229
Deferred tax assets	591,026	637,294
Current tax receivables	1,442,265	437,665
	751,648,750	888,980,215

Information about major customers

Revenue from two major customers amounting to RM50,177,572 (2022: RM69,709,474) and RM105,508,852 (2022: RM111,891,468) contributed to 28% (2022: 24%) of the Group's revenue. These two major customers are each from the Cold Rolled Coil segment and the Steel Tube segment.

34 FINANCIAL GUARANTEES

As at 30 June 2023, the Company has corporate guarantees issued to lenders for suppliers' credit extended to its Steel Tube subsidiary amounting to RM20,000,000 (2022: RM20,000,000).

35 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 RM1,312,729 and RM2,359,008 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 RM1,095,016 for the construction of a processing centre.

The Group's subsidiary in United Kingdom also has approved but not contracted for capital commitment of RM70,624 for the purchases of new equipment.

At the Company level, it has capital commitment that has been approved and contracted for of approximately RM392,450 for the replacement of one of the factory roofing structures.

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.

36 FINANCIAL INSTRUMENTS BY CATEGORY

	2023		2022	
	At amortised cost RM	Fair value through profit or loss RM	At amortised cost RM	Fair value through profit or loss RM
GROUP				
Financial assets per statements of financial position:				
Current				
Receivables and deposits	70,346,936	-	74,672,951	-
Financial asset at fair value through profit or loss	-	5,002,733	-	2,600,000
Derivative financial assets	-	1,061,863	-	4,815,229
Deposits with licensed banks	37,151,335	-	91,340,140	-
Cash and bank balances	43,901,512	-	23,411,165	-
Total financial assets	151,399,783	6,064,596	189,424,256	7,415,229
Financial liabilities per statements of financial position:				
Non-current				
Borrowings	10,734,274	-	22,519,897	-
Lease liabilities [(a)]	2,299,083	-	1,908,788	-
Current				
Payables and accrued liabilities (excluding payroll liabilities)	41,150,064	-	168,876,215	-
Borrowings	90,863,025	-	80,135,268	-
Derivative financial liabilities	-	-	-	7,518
Lease liabilities [(a)]	300,370	-	319,456	-
Total financial liabilities	145,346,816	-	273,759,624	7,518

[(a)] For the current financial year, the Group's financial liabilities is exaggerated by RM2,599,453 (2022: RM2,228,244) 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 2023 (CONTINUED)

36 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	2023		2022	
	At amortised cost RM	Fair value through profit or loss RM	At amortised cost RM	Fair value through profit or loss RM
COMPANY				
Financial assets per statements of financial position:				
Current				
Receivables and deposits	89,465	-	7,381,028	-
Financial asset at fair value through profit or loss	-	2,102,733	-	-
Derivative financial assets	-	2,119,816	-	8,378,320
Amounts due from subsidiaries	4,074	-	6,164	-
Cash and bank balances	1,340,505	-	1,182,095	-
Total financial assets	1,434,044	4,222,549	8,569,287	8,378,320
Financial liabilities per statements of financial position:				
Non-current				
Lease liabilities [(b)]	-	-	21,546	-
Current				
Payables and accrued liabilities (excluding payroll liabilities)	1,161,776	-	1,177,711	-
Amounts due to subsidiaries	1,580,100	-	1,290,200	-
Lease liabilities [(b)]	21,546	-	83,132	-
Total financial liabilities	2,763,422	-	2,572,589	-

[(b)] For the current financial year, the Company's financial liabilities is exaggerated by RM21,546 (2022: RM104,678) with the inclusion of 'lease liabilities' whilst its corresponding ROU asset is deemed as a non-financial asset.

37 EVENTS WHICH OCCURRED DURING THE FINANCIAL YEAR

(a) Steel Price Trend

Domestic steel prices entered into a bearish downward trend mirroring regional and global steel prices declined from its peak in April 2022 into the 1st-half of the current financial year, bottoming-out only towards early December 2022. The sharp decline - attributed to a series of unfortunate global events- has triggered an inventory write-down of RM9,821,893 in the current 2nd financial quarter, significantly impacting the Group's financials. See Note 18 for further details. The Group had applied judgement and estimates in determining the said impairment sum.

(b) Domestic Food Demand

Certain high-quality raw meat products have been on a diminishing selling price trend since November 2022, with the drop extending by more than 20% from its peak beyond the current reporting period. Consequently, a write-down of inventories of RM1,182,080 has been made. See Note 18 for further details. The Group had applied judgement and estimates in determining the said write-down sum.

38 EVENTS WHICH OCCURRED AFTER THE FINANCIAL YEAR

(a) Warrants

Subsequent to the financial year end, 66,909,018 units of unexercised warrants had expired on 18 August 2023 and delisted from Bursa Securities on 21 August 2023.

(b) Acquisition of non-controlling interest – 3BT

On 1 August 2023, the Group acquired remaining 10% interest in 3BT for RM1 in cash, increasing its ownership from 90% to 100%.

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)	32	32,000,000
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)	49	47,000,000
3.	Lot 10, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor	11.5.2085	Factory building	232,262 sq. ft. (5.33 acres)	38	31,000,000
4.	Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam, Selangor	Freehold	Factory cum office building	763,758 sq. ft. (17.53 acres)	33	118,000,000

The properties were revalued in June 2023.

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

NOTICE OF 54TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **54TH ANNUAL GENERAL MEETING ("AGM")** of the Company will be held 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, 30 November 2023 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 2023 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 RM408,000.00 for the period from 1 January 2024 to 31 December 2024 to be payable quarterly in arrears to the Non-Executive Directors of the Company.	**1**
3.	To approve an amount of up to RM90,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2024 to 31 December 2024. ***[Please refer to Explanatory Note B]***	**2**
4.	To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:	
	(i) Tunku Dato' Yaacob Khyra	**3**
	(ii) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	**4**
5.	To re-appoint Messrs KPMG PLT as Auditors of the Company, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration.	**5**

AS SPECIAL BUSINESS

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

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

    "THAT subject to compliance with Section 127 of the Companies Act 2016 ("the Act"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other 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.

NOTICE OF 54TH ANNUAL GENERAL MEETING

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.”

(b) 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 1 December 2022 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 2023 (“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:-

(i) 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 (“EGM”) whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company;

whichever is the earlier.

THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

(c) Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **8**

“THAT the mandate granted by the shareholders of the Company on 1 December 2022 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, provided that:-

NOTICE OF 54TH ANNUAL GENERAL MEETING

(i) 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

(ii) 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:

(i) 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 EGM whereby the authority is renewed; or

(ii) 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

(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

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."

(d) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act **9**

"THAT, subject always to the Act, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
Company Secretary

Kuala Lumpur
31 October 2023

NOTICE OF 54TH ANNUAL GENERAL MEETING

NOTES:-

1. *The 54th AGM will be conducted electronically in its entirety via RPV facilities which are available on the website at https://www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of the 54th AGM in order to register, participate and vote remotely via the RPV facilities.*

2. *The Broadcast Venue of the 54th 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/corporate representatives from the public should be physically present at the Broadcast Venue on the day of the 54th AGM.*

3. *Members may submit questions to the Board of Directors prior to the 54th 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, 28 November 2023 or to use the Question and Answer platform to transmit questions to the Board of Directors via RPV facilities during live streaming.*

4. *Since the 54th 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 Form of Proxy.*

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/her 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/she specifies the proportion of his/her 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/her 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 54th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 November 2023. Only a depositor whose name appears on the Record of Depositors as at 22 November 2023 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*

NOTICE OF 54TH ANNUAL GENERAL MEETING

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 2024 to 31 December 2024.

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 6:*

(C) Proposed Renewal of Share Buy-Back Authority (Ordinary Resolution 6)

The Proposed Ordinary Resolution 6, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(D) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolutions 7 and 8)

The Proposed Ordinary Resolutions 7 and 8, if passed, will empower the Company to conduct RRPTs of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

NOTICE OF 54TH ANNUAL GENERAL MEETING

(E) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 9)

The Ordinary Resolution proposed under Resolution 9 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 53rd AGM held on 1 December 2022, which will lapse at the conclusion of the 54th AGM to be held on 30 November 2023.

14. Poll Voting

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

The detailed information on Special Business of Agenda 6 except for Ordinary Resolution 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 31 October 2023 which is available at the Share Registrar website at https://www.tracemanagement.com.my.

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 54th AGM of the Company are set out in the Directors' Profile on pages 48 and 50 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 60 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Note E of the Notice of the 54th AGM of the Company.

NOTICE
There will be no distribution of e-vouchers

FORM OF PROXY

(please refer to the notes behind)

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.: ____________________
(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 **54th 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, 30 November 2023 at 11.30 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of the 54th AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution	**Ordinary Business**				
1	To approve the payment of Directors' fees amounting to RM408,000.00 for the period from 1 January 2024 to 31 December 2024 to be payable quarterly in arrears to the Non-Executive Directors of the Company.				
2	To approve an amount of up to RM90,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2024 to 31 December 2024				
	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) Tunku Dato' Yaacob Khyra				
4	(ii) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
5	To re-appoint Messrs KPMG PLT as Auditors of the Company, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration.				
	Special Business				
6	To approve the Proposed Renewal of Share Buy-Back Authority.				
7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature with Trace Management Services Sdn Bhd.				
8	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.				
9	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				

[Please indicate with "✓" or "x" in the spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain at his/her discretion]

The proportion of my holdings to be represented by my ***proxy/proxies** are as follows:

	Number of Shares	Percentage
First proxy		%
Second proxy		%
Total		**100%**

Dated this ______________ day of ______________ 2023

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

NOTES:-

1. *The 54th AGM will be conducted electronically in its entirety via RPV facilities which are available on the website at https://www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of the 54th AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The Broadcast Venue of the 54th 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/corporate representatives from the public should be physically present at the Broadcast Venue on the day of the 54th AGM.*
3. *Members may submit questions to the Board of Directors prior to the 54th 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, 28 November 2023 or to use the Question and Answer platform to transmit questions to the Board of Directors via RPV facilities during live streaming.*
4. *Since the 54th 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 Form of Proxy.*
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/her 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/she specifies the proportion of his/her 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/her 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 54th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 November 2023. Only a depositor whose name appears on the Record of Depositors as at 22 November 2023 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. (Unless otherwise instructed, the proxy may vote as he/she thinks fit)

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STAMP

The Secretary
MELEWAR INDUSTRIAL GROUP BERHAD
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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www.melewar-mig.com

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

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