



MELEWAR INDUSTRIAL GROUP BERHAD

196901000102 (8444-W)

ANNUAL REPORT 2024



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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 2024 ("FY2024").

FINANCIAL PERFORMANCE

The Group's core business operates within the steel industry, primarily focusing on the manufacturing of Cold Rolled Coil ("CRC") steel sheets and Steel Tubes and Pipes ("Steel Tube") through its 74.13% stake in its public listed subsidiary, Mycron Steel Berhad ("Mycron").

The Group manages other businesses through its two wholly-owned subsidiaries, namely:

- Ausgard Quick Assembly Systems Sdn Bhd ("AQAS"), specialising in constructing commercial and residential structures for niche property markets using the Industrialised Building System (IBS), and
- 3Bumi Sdn Bhd ("3Bumi"), which engages in the trading and distribution of food products.

Despite facing multiple macroeconomic challenges, including geopolitical uncertainties, inflation, and tighter financial conditions, the Group remained focused on fulfilling its commitments in FY2024.

For the year ended 30 June 2024, the Group's revenue grew by 47.4% to RM810.2 million compared with RM549.7 million in FY2023. This robust growth was primarily driven by a 114.4% surge in sales volumes in the CRC segment due to higher export demand, and a 20.6% increase in the Steel Tube segment. This performance was achieved despite a 11.5% and 13.6% decline in average unit selling prices, respectively, in line with lower market steel prices.

Consequently, the Group posted a net profit of RM9.5 million for FY2024, marking a significant turnaround from the previous year's reported net loss of RM16.9 million. Earnings per share for FY2024 rose in tandem to 1.43 sen as against a loss per share of 3.69 sen the year before.

Throughout the year, the Group strengthened its balance sheet and enhanced financial resilience. Group shareholders' equity increased to RM416.3 million as of 30 June 2024, up from RM409.6 million at year-end 2023. With higher equity, the Group net asset value per share as at 30 June 2024 moved up to RM1.16 from RM1.14 per share at the prior year-end.



Revenue

RM810.2

MILLION

2023 : RM549.7 million



Net Profit

RM9.5

MILLION

2023 :

Net Loss of RM16.9 million



Chairman's Statement

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.

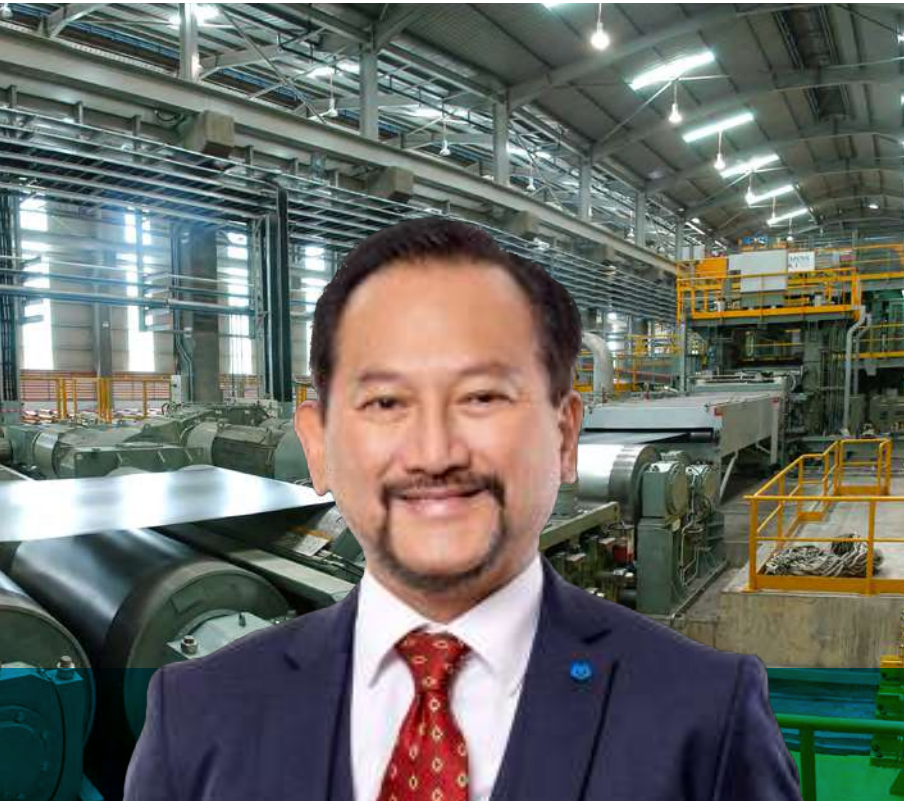
A smaller subsidiary, Silver Victory Sdn Bhd ("SV") is involved in the trading of steel related products.



The Group strengthened its balance sheet and enhanced financial resilience. Group shareholders' equity increased to RM416.3 million as of 30 June 2024, up from RM409.6 million at year-end 2023.



– **TUNKU DATO' YAACOB KHYRA**
Executive Chairman





Chairman's Statement



STEEL DIVISION (CONT'D)

STEEL OPERATION REVIEW

In the first financial quarter of FY2024, the Group's Steel Division encountered challenges from declining steel demand and continued downward pressure on global steel prices. The division reported a revenue of RM162.8 million and a Profit Before Tax ("PBT") of RM2.1 million. Pricing pressures persisted, driven by structural overcapacity and weakened demand, particularly in regions such as Europe and Asia. These challenges were further aggravated by tighter monetary policies and the ongoing property crisis in China. Domestically, CRC producers saw increased margin pressure due to a rise in duty-evaded CRC imports. Despite these challenges, the Steel Division expanded its export sales, which accounted for 16.1% of total sales in the quarter.

In the second financial quarter, steel prices remained relatively stable, providing some relief to the market. The Steel Division's revenue grew by 7.6% to RM175.2 million, though gross profit dropped to RM8.6 million due to lower margin spread in the CRC segment. As in the first quarter, the division continued to expand its sales internationally. As a result, the Steel Division recorded a Loss Before Tax ("LBT") of RM0.3 million.

In the third financial quarter, the Steel Division's revenue rose by 29.0% to RM226.0 million, driven by increased export volumes and improved average unit selling prices. The division's export sales increased to 41.3%, up from 25.7% in the previous financial quarter. The division achieved a higher gross

profit of RM17.3 million, supported by increased volume throughput in the CRC segment and slightly improved gross margins in the Steel Tube segment.

The division's performance in the fourth financial quarter was bolstered by the CRC segment's improved gross and operating profits, both of which increased by over 50.0%, driven in part by stronger export sales. Revenue reached RM237.8 million, a 5.2% increase from the previous financial quarter. Contributing to the stronger gross profit performance, the quarter's overall performance saw a 59.0% improvement, further boosted by a RM1.9 million writeback on property, plant and equipment.



Chairman's Statement



STEEL DIVISION



— Revenue

RM801.8
MILLION

2023 : RM540.0 million



— Profit Before Tax

RM20.7
MILLION

2023 :
Loss Before Tax of
RM13.8 million

FOOD DIVISION

The Food Division, managed by 3Bumi, continues to represent a relatively small segment of the Group's overall business.

This year, the division remained underperforming, reflecting the impact of subdued consumer sentiment and cautious spending, particularly during festive periods, driven by rising food price inflation. Domestic sales were weak and fell short of expectations. Profitability was further affected by high input costs and the depreciation of the ringgit, which has led to higher import costs since FY2023. To attract buyers, products were offered at discounted prices.

Despite these challenges, the division's revenue grew by 16.1%, reaching RM8.2 million compared to RM7.0 million in FY2023, mainly due to stronger export sales of certain food products. However, the division still recorded a LBT of RM4.9 million, an improvement from the RM5.6 million loss incurred in the previous year.

FOOD DIVISION



— Revenue

RM8.2
MILLION

2023 : RM7.0 million



— Loss Before Tax

RM4.9
MILLION

2023 :
Loss Before Tax of
RM5.6 million





Chairman’s Statement

COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Directors of the Group is dedicated to maintaining high standards of corporate governance, recognising that effective governance is essential for achieving sustainable, long-term growth in returns for its shareholders. Our board members and senior executives remain focused on upholding the highest standards of corporate governance and business ethics.

In FY2024, the Group introduced several new policies, including the Directors’ Conflict of Interest Policy, the Personal Data Protection Policy, which governs the management of personal data collected and processed by the Group, and the Non-Assurance Services Pre-Approval Policy. Additionally, existing policies, such as the Conflict-of-Interest Policy for Employees, the Anti-Fraud/Anti-Corruption Policy, and the Whistleblowing Policy, were revised to enhance their effective implementation across the Group.

SUSTAINABILITY INTEGRATION & DIRECTION

The Group is continuously strengthening the integration of Environment, Social and Governance (ESG) factors into its business strategies. Key initiatives include enhancing sustainability risk management and reporting in alignment with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD), thereby improving communication with investors as climate change evolves. This year, the Group also initiated limited assurance on selected sustainability information, further affirming its commitment to transparency. More information is available in the Sustainability Statement.

Aligned with our commitment to sustainability and the Malaysian Government’s key initiatives, such as the National Energy Transition Roadmap (NETR), New Industrial Master Plan (NIMP 2030), and Circular Economy (CE) Policy Framework, we acknowledge our role in contributing to the Nation’s sustainability objectives.

National Energy Transition Roadmap (NETR)

The NETR outlines steps to reach net-zero emissions by 2050, a goal we fully support. As a key player in the domestic steel industry, the Group is committed to aligning its operations with Malaysia’s environmental sustainability objectives, contributing significantly to the country’s long-term energy and environmental goals.

New Industrial Master Plan (NIMP 2030)

NIMP 2030 seeks to prepare all industries for a sustainable future by encouraging decarbonization through energy efficiency, renewable energy adoption, and advanced technologies. The Group is fully committed to this vision and is focused on adopting these technologies and practices to lower our carbon footprint. We aim to lead by example, fostering innovation that enhances our competitiveness while helping to transform Malaysia’s industrial landscape toward greater sustainability.

Circular Economy (CE) Policy Framework

In alignment with the NETR and NIMP 2030, the CE Policy Framework aims to transition Malaysia’s manufacturing sector to a circular economy by 2030. The Group is committed to supporting this initiative by incorporating circularity into our production processes. We continuously seek ways to minimize waste, enhance recycling efforts, and improve resource efficiency throughout our operations.



Chairman's Statement

PROSPECTS FOR THE NEW FINANCIAL YEAR

Looking ahead, the global economy is expected to remain stable, despite being vulnerable to financial market turbulence and geopolitical headwinds. With ongoing tensions in the Middle East, the Russia-Ukraine conflict, and elections in several countries accounting for more than two-thirds of global Gross Domestic Product, there are risks of disruptions in energy, trade, and financial markets, which could drive up inflation and hinder growth.

The global steel industry remains highly sensitive to China's steel export trends, making it difficult to predict future steel demand and prices. China's prolonged economic slowdown, particularly in its struggling property market, has significantly dampened consumer sentiment and is expected to take time to recover. As China continues to export excess steel to Southeast Asia, the outlook for both regional and domestic steel markets appear increasingly grim. Regional steel prices, which have been declining since January 2024 and hit new lows in August 2024, are projected to stay weak in the near term. Domestic steel producers will likely continue facing intense competition and margin pressure from imports amid subdued domestic demand, high inventory levels, falling steel prices and currency depreciation.

As the Group enters financial year 2025, the main challenge for its steel and food divisions will be the persistently narrow profit margins, driven by weakened purchasing power and rising costs of doing business in Malaysia. Manufacturing and operating costs are expected to increase due to several factors, including higher tariffs on electricity and water, rising natural gas prices, the service tax hike to 8% since March 1 on retail goods and services, a potential minimum wage adjustment, and the introduction of unsubsidised market rates for diesel starting in June 2024, all of which have curbed consumer spending.

The reduced profit margins are largely due to higher costs of goods (such as increased import and distribution costs) and rising operational expenses (including labour, utilities, and rent). Overall, sluggish demand is likely to continue impacting the Group's steel and food divisions throughout 2025, given the current climate of weak consumer sentiment, constrained purchasing power and the continuously dumping of steel into Malaysia by fellow Asian net-steel producers.

Despite lingering external uncertainties, several growth drivers remain positive, such as the ongoing global tech upcycle,

increased investment flows and the accelerated implementation of catalytic initiatives under national master plans. The rise in foreign direct investment inflow, driven by "geopolitical de-risking," may spur local facility and factory constructions, boosting domestic steel demand. The demand for steel is also expected to be supported by Nation's various projects under the NETR, NIMP 2030 and the CE Policy Framework. Furthermore, continued government support through targeted cash assistance and subsidies for lower and middle-income groups, and withdrawals from the Employees Provident Fund's Account 3 (Flexible Account) are likely to stimulate consumer consumption.

In conclusion, the Group anticipates continued challenges for both the domestic steel market and food industry. The outlook for the next financial year will hinge on the implementation of domestic policies related to subsidies and price controls, along with global commodity prices and financial market developments. The Group is focused on maintaining production momentum and strengthening its presence in both domestic and international markets, aiming to sustain positive performance in the year ahead.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my heartfelt gratitude to the management team and staff for their unwavering dedication, passion and commitment to the continued success of the Group.

I am also deeply appreciative of my fellow Board members for their support and guidance throughout the past year.

To our esteemed business associates, customers, suppliers, and shareholders; thank you for giving us your unfailing 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 2024 in supplement of other statements contained in this annual report such as the Chairman's statement, the Statement on Risk Management and Internal Controls, and the audited Financial Statements.

Analytical disclosures made herein are based on available management information which may not have been specifically audited, and are made to the extent that these do not compromise competitively sensitive information. This section may contain opinions, judgement and forward-looking views; and as such, readers' discretion is advised.

OVERVIEW

In FY2024, the Group operated in a year where the global economy exceeded initial expectations by navigating significant challenges and steering clear of a recession.

Despite early predictions of a downturn, global resilience prevailed. Major obstacles included surging inflation that squeezed consumer spending, interest rate hikes that curbed investment, and trade disruptions driven by geopolitical tensions, all of which posed serious threats to growth. Yet, the global economy managed to remain stable. Early signs of economic recovery were hindered by persistent core inflation, escalating geopolitical conflicts, rising trade protectionism and diversion, China's ongoing property crisis, and volatile commodity prices affecting food, energy and transportation costs. Additionally, extreme weather events and hostilities in the Red Sea, a key maritime route, continued to disrupt global trade flows.

Steel Market Dynamic

The steel industry experienced a tough year, marked by weak market conditions both regionally and globally. A key factor was the stagnation of demand growth in China, which produces nearly half of the world's steel. China's economic policies have a significant influence on global steel prices. The slowdown in China's property sector diminished domestic steel demand, leading to oversupply. As a result, China has been exporting its excess capacity, disrupting global steel market dynamics. Southeast Asia, including Malaysia, became a key target for this surplus, with large quantities of Chinese flat steel—both legal and illegal—flooding the Malaysian market, driving down domestic prices and demand.



Management Discussion & Analysis Statement

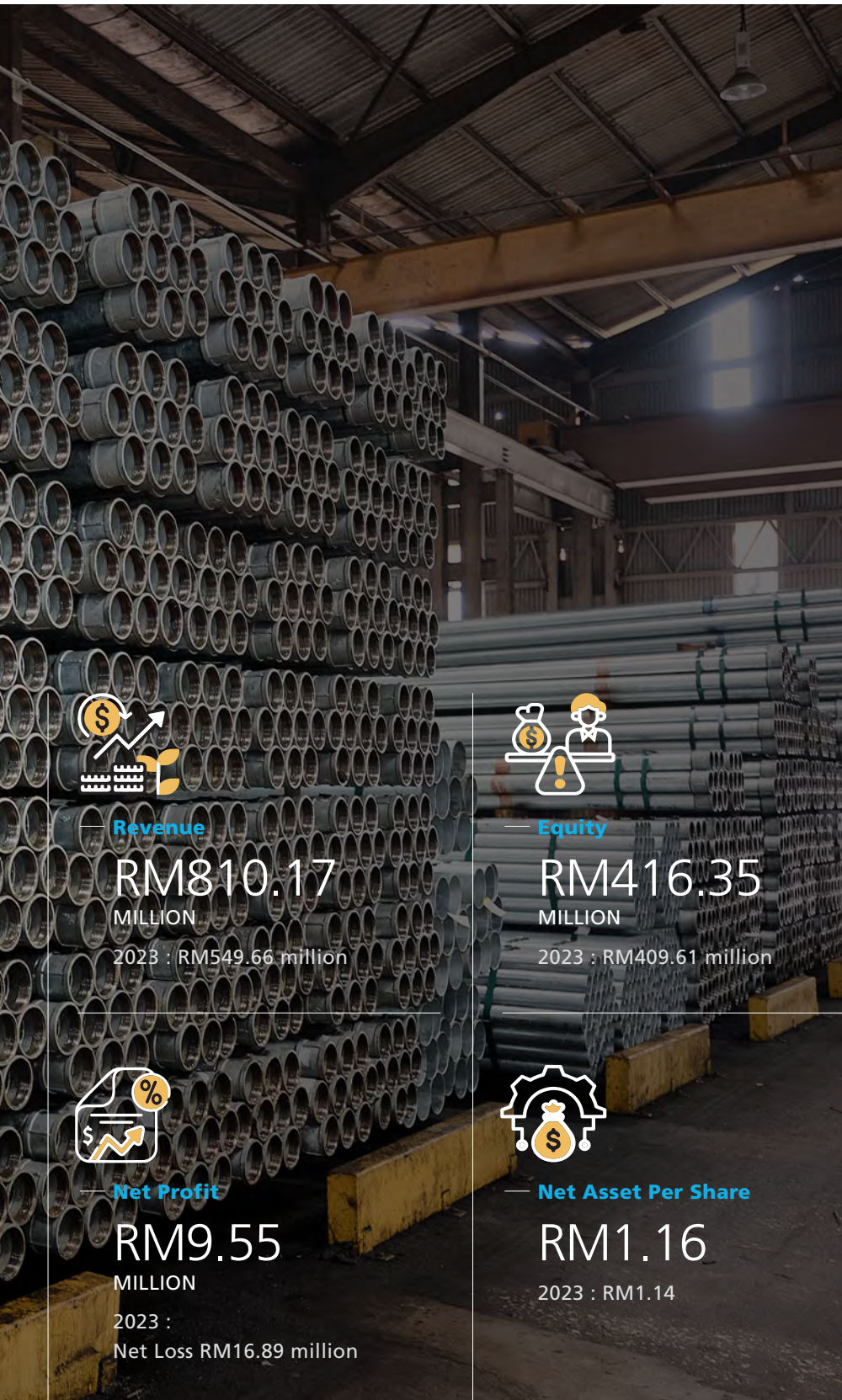
OVERVIEW (CONT'D)

Steel Market Dynamic (Cont'd)

Sectors reliant on the steel industry, such as property development, infrastructure, engineering, fabrication, and value-added manufacturing, underperformed due to various factors, including monetary and fiscal tightening and supply overhang. Many of these domestic challenges stem from United States (US) monetary tightening and the resulting reverse capital flow that began in late 2022.

Challenging Economic Landscape in Malaysia

In Malaysia, the manufacturing and trading sectors, along with net-trade, experienced contraction throughout the year due to weak external demand amid narrowing global trade. The local steel and food trading industries faced persistent challenges, including a historically weak Ringgit, rising production and logistic costs, high borrowing rates, and intense competition from foreign steel imports, particularly from China and Vietnam due to trade diversion. Malaysian businesses also grappled with increased production costs following the rationalization of electricity subsidies earlier in the year, alongside higher labour and compliance costs associated with environmental, social, and governance (ESG) requirements, new e-invoicing regulations, and stricter enforcement measures. Further pressure was added when new water tariffs were introduced in February 2024, followed by a sales tax hike in March 2024, both of which reduced consumer disposable incomes and dampened spending habits.



Revenue

RM810.17

MILLION

2023 : RM549.66 million



Net Profit

RM9.55

MILLION

2023 :

Net Loss RM16.89 million



Equity

RM416.35

MILLION

2023 : RM409.61 million



Net Asset Per Share

RM1.16

2023 : RM1.14



Management Discussion & Analysis Statement

OVERVIEW (CONT'D)

Resilient Growth Amid Global Challenges: The Group's FY2024 Overall Performance

Despite a global steel oversupply, margin pressure from declining steel prices, subdued domestic demand, and heightened competition from regional net-steel exporters and back-channel importers, the Group's steel businesses achieved solid progress in FY2024. They recorded notable improvements in both operational and financial performance, particularly in export sales. Over the year, the Steel Tube and Cold Rolled Coil segments made significant headway in expanding their presence in the North America, Southern California and South Asia markets, while maintaining steady growth with key regular clients.

For the Group's food division, global factors continued to heavily influence food security. As a wholesale food trader and distributor, the Group was compelled to lower prices and accept narrower profit margins to stay competitive. Domestic demand stayed weak throughout the year, with both consumers and retail businesses being cautious in their spending, especially on premium meats and imported food products. Sales during festive periods like Chinese New Year, Hari Raya Aidilfitri, Deepavali and Christmas fell short of expectations.

For the full year, the Group recorded a strong rebound in business performance, with revenue surging by 47.39% to RM810.17 million. This growth was driven by a substantial growth in sales volumes in the Cold Rolled Coil and Steel Tube segments for steel export sales. The Group's Profit Before Tax ("PBT") reached RM13.86 million, a turnaround from the Loss Before Tax ("LBT") of RM18.48 million in FY2023. For the year under review, the Group posted a net profit of RM9.55 million, compared

to a net loss of RM16.89 million the year before. In addition, the Group recorded a net revaluation surplus of RM3.03 million on property, plant and equipment, as well as right-of-use assets, under 'other comprehensive income', achieving a total comprehensive income of RM12.44 million for FY2024, reflecting a 1.65% increase in total shareholders' funds.

At the end of FY2024, the Group's balance sheet and financial position had strengthened. Shareholders' equity stood at RM416.35 million as of 30 June 2024, reflecting an increase of RM6.74 million from RM409.61 million reported the prior year. This rise was driven by a net profit attributable to owners of RM5.16 million for FY2024, a positive asset revaluation reserve of RM2.54 million, and the exercise of warrants by shareholders amounting to RM0.02 million. However, the increase was partially offset by net foreign exchange translation loss of RM0.14 million and changes in effective interest in a subsidiary, which amounted to RM0.84 million. As a result, the Group's net asset value per share as of 30 June 2024 rose to RM1.16 as against RM1.14 a year earlier.

In FY2024, the Group achieved significant improvements across most key financial indicators, as shown in Table 1 below. Although encountering short-term liquidity challenges (reflected in a lower current ratio) and an increase in leverage (with a higher debt-to-equity ratio), the Group successfully generated sufficient operating income to meet its debts and interest obligations (as seen in the improved interest cover ratio), underscoring enhanced profitability and operational performance throughout the year.

Table 1

	FY2024	FY2023
Profitability		
a) Operational Return on Average Capital Employed (EBIT/Ave Cap)	3.53%	(1.28%)
b) Return on Equity (Net Earnings/Equity)	0.86%	(2.24%)
Liquidity		
c) Current Ratio (Current Assets/Current Liabilities)	1.92	2.39
d) Interest Cover Ratio (EBITDA/Net Interest Expense)	6.02	2.22
Capital		
e) Weighted Average Cost of Capital (Cost of Equity assumed at 6.7%)	5.99%	5.98%
f) Debt to Equity Ratio (includes all interest bearing debt)	0.29	0.22
Value		
g) Net Tangible Asset per Share (RM/share)	1.32	1.30
h) Enterprise Value to Total Comprehensive Income Ratio	16.40	(170.41)
i) Price-to-Book Ratio	0.17	0.15



Management Discussion & Analysis Statement

SEGMENTS' PERFORMANCE

During the current financial year, the Group's two steel-related segments, "Steel Tube" and "Cold Rolled Coil (CRC)," saw their combined revenue climbed to RM801.81 million, marking a 47.94% growth compared to the previous year. This surge was primarily driven by higher sales volumes, with the Steel Tube segment rising by 20.57% and the CRC segment soaring by 114.43%, largely due to exports. At the year end, the combined net profit reached RM33.42 million, an impressive 9.5-fold increase from the prior year's combined profit of RM3.50 million. However, both segments faced significant pressure on average unit selling prices throughout the year, in line with the continuous decline in global steel prices since January 2024.

Investment holding companies are classified as a separate segment, however, their assets holdings and revenue mainly consist of intercompany transactions that are eliminated upon consolidation. The "Investment Holding" segment reported a net loss of RM16.82 million, compared to a loss of RM13.02 million the year before. The "Others" segment includes companies engage in various activities, such as food trading, distribution, retail, and other smaller businesses in the UK. This segment also encompasses companies operating in modular structure and dealing with metal scrap. Over the twelve months, the "Other" segment recorded a net loss of RM7.05 million, slightly improved from a loss of RM7.37 million in FY2023.

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

Table 2

RM'million	Steel Tube		Cold Rolled Coil		Investment Holding		Others	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
External Revenue	283.85	272.98	517.96	268.99	-	-	8.36	7.69
Net Profit/ (Loss)	17.50	7.36	15.92	(3.86)	(16.82)	(13.02)	(7.05)	(7.37)

The ensuing paragraphs discuss the key segments' challenges.

Steel Tube & Cold Rolled Coil (CRC) Segments

Both the CRC and Steel Tube segments faced challenging domestic market conditions characterized by weak demand, falling prices, and increased competition from a surge in imports. Exporters like China and Vietnam ramped up shipments to Malaysia as other markets imposed barriers.

Our CRC segment was significantly impacted in the first half of FY2024 (and in FY2023) due to the Ministry of Investment, Trade & Industry (MITI)'s decision to remove existing anti-dumping duties on CRC imports from South Korea and Vietnam in June 2023. Domestic orders only began to recover months later, after we obtained a 'stay of proceedings' order from the court against MITI's ruling in January 2024. Our judicial review to overturn MITI's ruling will be heard in May 2025, with key dates for affidavits and written submissions in the interim. As a result, CRC segment domestic sales in FY2024 increased by 19%, but only from a very low base in FY2023.

Similarly, the Steel Tube segment has faced an influx of imports, primarily from China. However, addressing this issue is more complex due to the lack of detailed Harmonized System (HS) codes for pipe products, making it difficult to statistically demonstrate the surge in carbon pipe imports and build a case for anti-dumping measures. Additionally, market investigations revealed the presence of smuggled pipes. As a result, domestic sales for the Steel Tube segment in FY2024 remained flat compared to FY2023 (see Chart 1).

The weakness in domestic sales was offset by stronger performance in foreign sales, particularly from the CRC segment (see Chart 2). In addition to significant commercial efforts to boost export sales during the current financial period, the Group's previous initiatives to ensure its steel products meet international standards and obtain quality certifications have helped unlock new markets. At the EBITDA level (see Chart 3 & 4), the CRC segment outperformed the Tube segment by about 24%.

Chart 1 - Steel Tube - Sales

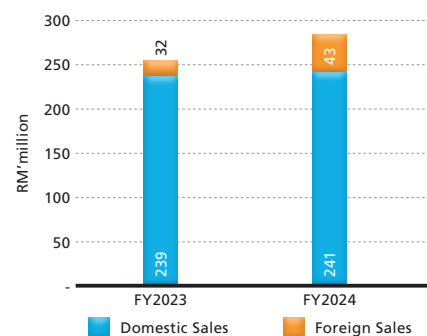
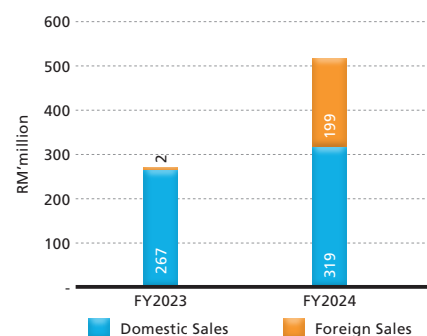


Chart 2 - CRC - Sales





Management Discussion & Analysis Statement

SEGMENTS' PERFORMANCE (CONT'D)

Steel Tube & Cold Rolled Coil (CRC) Segments (Cont'd)

Chart 3 - Steel Tube's EBITDA

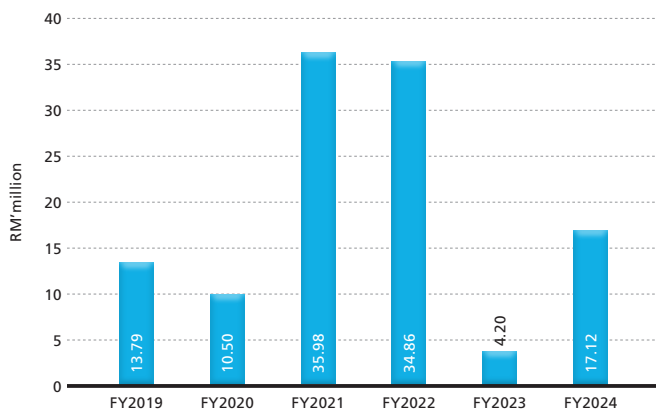
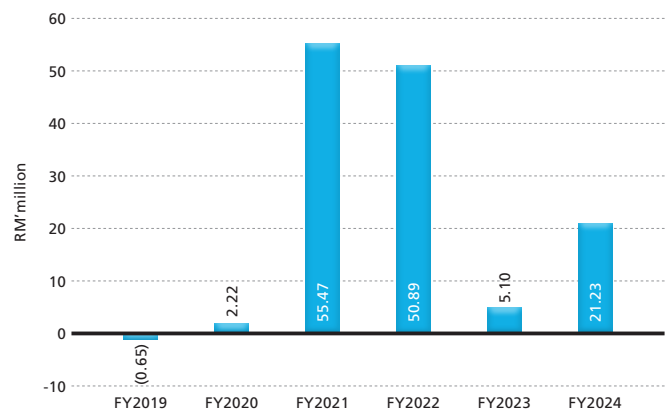


Chart 4 - CRC's EBITDA



Others Segment

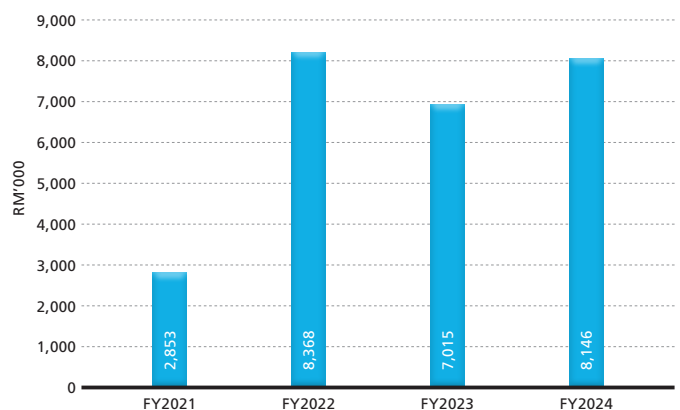
The primary emphasis within the array of businesses in this segment is on the UK operations and the "Food Trading, Distribution, and Retail" activities. In recent years, the UK operations have not only sustained their steel pipe distribution business but also diversified into container storage services, broadening their range of activities and revenue sources. In FY2024, the container storage facility was 60% occupied and accounted for 84.34% of the total revenue from the UK operations. Despite this, the UK operations reported a net loss of RM1.44 million, slightly higher than the RM1.35 million net loss in FY2023.

Meanwhile, the "Food Trading, Distribution, and Retail" operations under the 3Bumi umbrella saw overall revenue rose by 16.12%, reaching RM8.15 million, up from RM7.02 million the previous year (refer Chart 5). Net loss improved by 13.33%, reducing to RM4.87 million from RM5.61 million in FY2023. The revenue growth was largely driven by a substantial increase in export sales of "Edible Oil" to international markets. As of 30 June 2024, the order distribution shifted to 51% export and 49% domestic sales, compared to 17% export and 83% domestic in FY2023.

The main revenue contribution for the "Food Trading, Distribution, and Retail" operations came from two key businesses, namely "Frozen Meat & Seafood" trading business and "Edible Oil" bottling and distribution business, generating RM5.89 million and RM2.07 million, respectively, for the twelve months to 30 June 2024. The Group's retail business in Cambodia, which operates 3 mini market outlets under the "Alamin" brand (one of which closed in May 2024 due to low business activity in the area), primarily sells Malaysian Halal certified products. These outlets contributed RM0.19 million in revenue for FY2024.

In early June 2024, the new food processing facility operated by the "Frozen Meat & Seafood" trading business in Sungai Tua, Batu Caves, received Halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM). This certification has greatly expanded market opportunities and strengthened consumer confidence, ensuring all products are produced in accordance with Islamic dietary laws.

Chart 5 - Revenue - Food Trading, Distribution and Retail





Management Discussion & Analysis Statement

OUTLOOK AHEAD

Global Economic Outlook: Challenges and Opportunities Ahead

The coming year presents a challenging and multifaceted economic landscape. The International Monetary Fund (IMF) forecasts global economic growth to reach 3.20% in the latter half of 2024 and 3.30% in 2025, both slightly below the historical annual average of 3.80%. However, these growth forecasts are accompanied by significant downside risks, including the potential escalation of geopolitical conflicts, disruptions in global capital flows, and financial market instability caused by policy divergences. Other contributing risks include fiscal and trade imbalances, rising protectionist tendencies in major economies, and ongoing trade tensions - particularly between the US and China trade war - which could further hinder economic progress.

On a positive note, the US Federal Reserve (Fed) initiated its first interest rate cut in four years, reducing the benchmark interest rate by 50 basis points to a range of 4.75% to 5.00% in mid-September 2024. This marks the beginning of a more accommodative monetary policy in the world's largest economy, potentially aiding a soft landing for the US economy and fostering a recovery in external trade sector. This dovish shift in policy could also attract foreign investment to emerging markets, such as Malaysia, where better returns are anticipated.

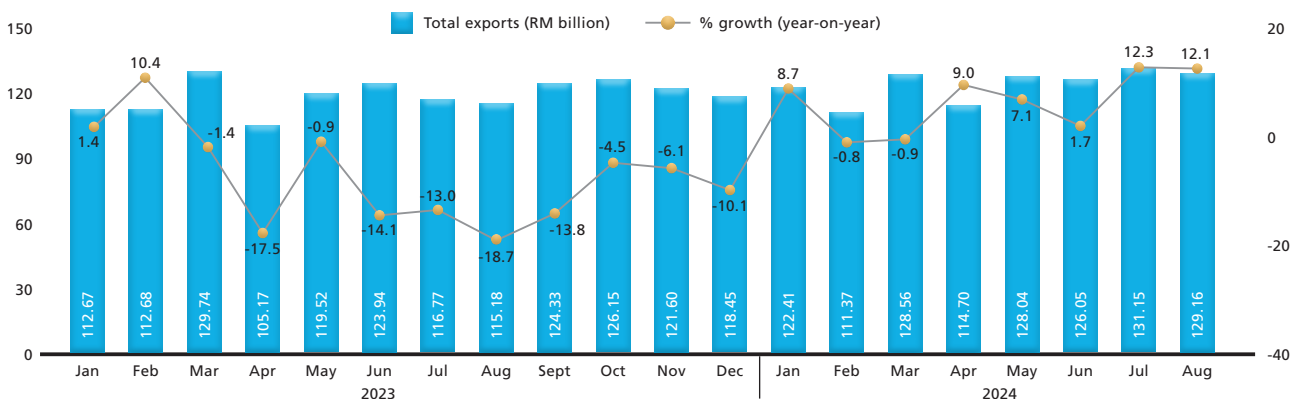
In China, efforts to combat economic stagnation are intensifying. The government has introduced bold measures, including significant cuts to mortgage and key policy rates, to counter deflationary pressures and sluggish economic growth. Recently, Chinese authorities have considered injecting over USD140 billion capital into major state-owned banks and introducing property stabilisation funds, as well as consumer subsidies to local government, signalling additional initiatives to stimulate the country's economy.

A careful balancing of these risks and opportunities will be crucial for steering the global economy towards sustainable progress.

Malaysia's Economic Growth: Investment, Exports and Strategic Reforms Set to Drive Progress

Malaysia's near-term economic growth is expected to be propelled by robust investment activity and resilient household spending, with additional support from exports recovery. Following a rebound in April 2024, Malaysia's exports are anticipated to grow modestly in 2025 as global economic conditions stabilize. Recent data from the Department of Statistics Malaysia (DoSM) revealed that total exports rose for the fifth consecutive month in August 2024, increasing by 12.10% year-on-year, surpassing market expectations of 11.80%. This growth was largely driven by increased shipments of electrical and electronics (E&E) products and a notable increase in exports to the US and other major trading partners.

Performance of Malaysia's exports since January 2023



Source: Department of Statistics Malaysia



Management Discussion & Analysis Statement

OUTLOOK AHEAD (CONT'D)

Malaysia's Economic Growth: Investment, Exports and Strategic Reforms Set to Drive Progress (Cont'd)

The appreciation of the ringgit against the US dollar is also expected to enhance economic performance by lowering import costs, benefiting industries such as steel manufacturing and food trading that rely heavily on imported raw materials. While a stronger ringgit could potentially impact export competitiveness, the prolonged undervaluation of the currency has provided exporters with enough buffer to manage the effects of appreciation. Consequently, manufacturers and exporters may focus on moving up the value chain rather than relying on a weaker currency to remain competitive globally.

Another important factor driving Malaysia's economic growth in the coming year will be the realization of domestic and foreign direct investments approved over the past two years, which is expected to lead to increased private fixed investment activities next year.

Malaysia's economic resilience will also be reinforced by ongoing structural reforms. Key initiatives including subsidy rationalization, improved tax mobilization, enhanced spending efficiency, and greater fiscal prudence, will strengthen the country's economic fundamentals. Growth-stimulating strategies laid out in the New Industrial Master Plan, along with various sectoral blueprints and roadmaps, are expected to further elevate Malaysia's competitiveness. Additionally, to address global challenges like protectionist policies, Malaysia can enhance trade and investment facilitation through bilateral and regional agreements such as the Regional Comprehensive Economic Partnership (RCEP), the world's largest free trade agreement, which includes Malaysia among its 15 members. These initiatives are particularly beneficial for industries such as the domestic steel sector.

Furthermore, the introduction of the new EPF Account 3 mechanism and the anticipated salary increase for civil servants in December 2024 are expected to boost consumer sentiment and spending power, which will positively impact industries like food trading and retail.

Malaysia is well-positioned to capitalise on its competitive strengths, supported by policy measures aimed at enhancing fiscal efficiency and promoting innovation. The country is set for steady growth in the coming year.

Group Outlook: Prospects in Steel Segment and Others Segment

Three months into the new financial year, the Group is witnessing a worsening outlook for the domestic steel industry. This is largely due to China's aggressive export of surplus steel, driven by a prolonged downturn in domestic demand tied to deepening property sector issues and a factory slowdown caused by deglobalization and rising trade protectionism. Since January 2024, regional steel prices have been on a steady decline, hitting record lows in August 2024, with expectations of continued weakness for the rest of the year. The Group anticipates continued margin pressure amid weak market conditions and heightened competition from imports.

To address rising demand for sustainable materials, the Steel Tube and CRC segments plan to launch their own patented green steel products by 2025. This new green steel brand will focus on producing high-quality, low-carbon products aimed at premium markets, where customers are willing to pay a premium to reduce their greenhouse gas emissions. This initiative aligns with national priorities such as the 12th Malaysia Plan and the New Industrial Master Plan 2030, which emphasize sustainability and innovation as key drivers of economic growth.

On the other hand, the Group expects better performance for its "Frozen Meat & Seafood" and "Edible Oil" businesses. For the "Frozen Meat & Seafood" segment, the primary focus for the upcoming year is to boost sales and maximize margins. The business is diversifying its product offerings with a broader variety of Fast-Moving Consumer Goods (FMCG) to better meet market demands. Participation in various trade shows targeting both Business-to-Consumer (B2C) and Business-to-Business (B2B) markets has helped the Group to position 3Bumi as a key player in the food trading sector, identifying trending products for immediate rollout to retail procurement teams.





Management Discussion & Analysis Statement

OUTLOOK AHEAD (CONT'D)

Group Outlook: Prospects in Steel Segment and Others Segment (Cont'd)

Moreover, with the recent halal certification of the food processing facility, the "Frozen Meat & Seafood" division is well-positioned to strengthen its market presence and expand into regions that prioritize Halal-certified products, including international markets. The global halal economy is growing rapidly, and with two-thirds of Malaysia's population being Muslim, the domestic market presents significant growth potential. To further drive sales, a retail outlet was launched at the processing center in April 2024, catering to walk-in customers, traders, and bulk buyers from the HORECA (Hotels, Restaurants, and Cafes) sector.

The "Edible Oil" business will continue to focus on international sales, aiming to boost overall sales volume and expand its global footprint. To comply with international food safety standards, the business plans to adopt the Hazard Analysis and Critical Control Point (HACCP) certification in the coming year. This will not only broaden its customer base but also enhance consumer confidence in the products. With both Halal (already secured) and HACCP certifications, the business can offer a robust assurance of product quality and safety.

Meanwhile, the Group's four-phase expansion plan for its container storage business in the UK, initially set for completion last year, has been rescheduled, with the remaining three phases are now expected to be completed in FY2025/FY2026 due to ongoing economic challenges. Phase 1, which involves the transition from 40-foot containers to 20-foot containers, has been successfully completed, and tenants have already moved in.

To grow the brand, the Group's retail business in Cambodia has strategically expanded into various sales channels and ramped up marketing efforts to reach a wider consumer base. These efforts have also increased brand recognition for the "Alamin" mini markets in the Cambodia. Furthermore, a recent collaboration with the Malaysian government agency, the Federal Agriculture Marketing Authority (FAMA), under the Export Management Company (EMC) program, has added value by promoting Malaysian agro-food products in Cambodia. The introduction of FAMA products has benefited the Group's retail operations in Cambodia by increasing product variety (through free promotional inventory) and providing advertising and promotional budget support, including social media campaigns and outdoor advertising on Tuk-Tuks. The outlook appears favourable.

Key Strategic Initiatives

As the Group continues its efforts to rebuild its balance sheet and profitability, it is streamlining and optimising its critical business processes and structures to respond quickly to changing market conditions and evolving customer needs. In addition, to managing costs more effectively, the Group is working hard to mitigate the impact of inflation through rigorous cost control measures while enhancing operational efficiencies across the Group.

The Group remains committed to disciplined capital allocation and robust working capital management. It is also focused on deepening its sustainability practices, with ongoing improvements to its Group-wide sustainability initiatives aimed at reducing its environmental footprint. As both a steel manufacturer and food processor, the Group is acutely aware of production costs and is dedicated to minimizing steel and food wastes wherever possible. Further details on the Group's sustainability strategy and initiatives can be found in the Sustainability Statement.

Conclusion

In conclusion, the Group's prospects for FY2025 are expected to remain constrained. The outlook for the upcoming year continues to be overshadowed by uncertainties arising from various external crises. Nonetheless, any shift in these global challenges could potentially result in a rebound for both the steel and food industries, as well as for the Group itself. The Group remains optimistic about leveraging its recent efforts and momentum to sustain a positive performance in FY2025.

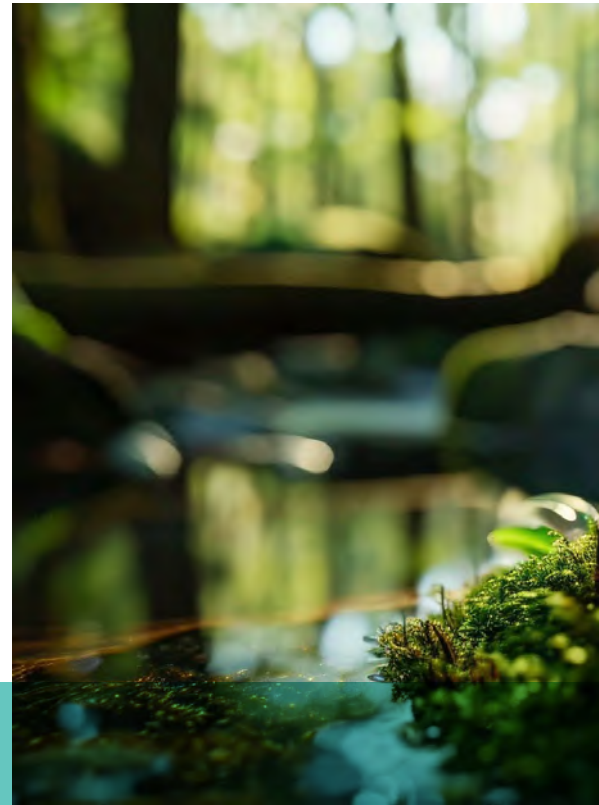


Sustainability Statement

ABOUT THIS STATEMENT

This Sustainability Statement has been prepared in compliance with Bursa Malaysia’s Main Market Listing Requirements under Appendix 9C Paragraph 29, and Practice Note 9 Paragraph 6. In developing this report, the Group adhered to the updated principles and standards outlined in the 3rd Edition of the Sustainability Reporting Guide issued by Bursa Malaysia.

Additionally, the report aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and incorporates references to the International Financial Reporting Standards (IFRS) S1 and S2, along with Global Reporting Initiative (GRI) standards. The Group also draws inspiration from the United Nations Sustainable Development Goals (SDGs).



Scope and Content

This report offers an overview of the Group’s Environment, Social, and Governance (ESG) commitments and activities for the financial year ended 30 June 2024. It includes comparative data from both the current and previous periods. This Sustainability Statement does not reiterate general information about the Group’s operations or corporate governance practices, which are covered in other sections of the Annual Report. Instead, this report should be read in conjunction with sections such as the Chairman’s Statement, Management Discussion & Analysis, Corporate Governance Overview, and Statement on Risk Management and Internal Control for a holistic understanding of the Group’s integrated reporting.

Data Integrity and Use of External Sources

This report includes management opinions, external references, and unaudited non-financial data. While the Group has made efforts to ensure the accuracy of the non-proprietary data provided, actual results or future outcomes may vary. Users are advised to exercise discretion when interpreting this data.

Statement of Assurance

The management assumes responsibility for the completeness, accuracy, and validity of the performance metrics and data disclosed in this report. The disclosed data aligns with the information the Group uses internally to monitor and measure its strategic objectives and targets. In certain instances, management has adopted specific criteria, measurement methods, and conversion standards, and using alternative, yet acceptable, methodologies could yield materially different figures.

To strengthen the credibility of this Sustainability Statement for the financial year ended 30 June 2024, selected sustainability indicators have undergone internal review by the Group’s internal auditors, as well as independent assurance in line with recognised assurance standards. It is important to note that the review processes carried out during the interim financial period may offer only limited assurance on the completeness and accuracy of the data as of 30 June 2024. A summary of the selected sustainability indicators that have been independently reviewed is provided in Appendix I.

The Group plans to achieve full independent assurance of all its sustainability indicators over a three-year cycle, starting from the current period. This report has been reviewed and approved for issuance by the Group’s Board of Directors and Risk & Sustainability Committee.



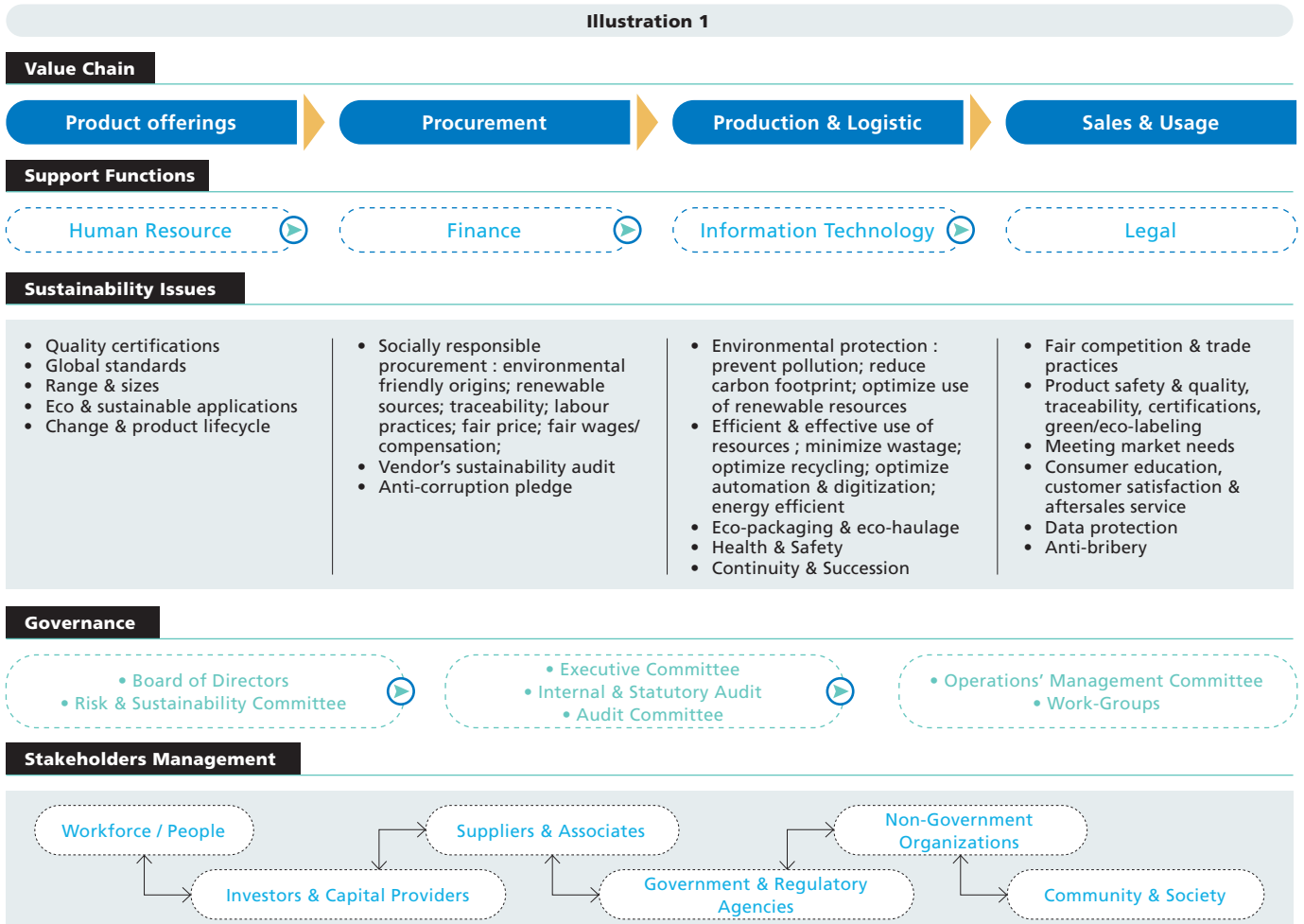
Sustainability Statement



A. OVERVIEW

The Group is committed to conducting its business in a responsible manner that balances economic, social, and environmental considerations (including climate change), always acting in the best interests of its stakeholders, including investors, customers, employees, suppliers, and local communities. The Group believes that its long-term “economic sustainability” depends on its ability to continuously deliver value to its customers while protecting the environmental and social ecosystems, and fostering mutually beneficial relationships with diverse stakeholders. To achieve this, the Group places a strong emphasis on “sustainable” business practices, focusing on addressing sustainability and climate change challenges and meeting stakeholders’ expectations throughout its internal value chain, as outlined in the summarised depiction provided in Illustration 1 below.

Illustration 1





Sustainability Statement

B) GOVERNANCE STRUCTURE & SUSTAINABILITY MANAGEMENT FRAMEWORK

1.0 STRUCTURE

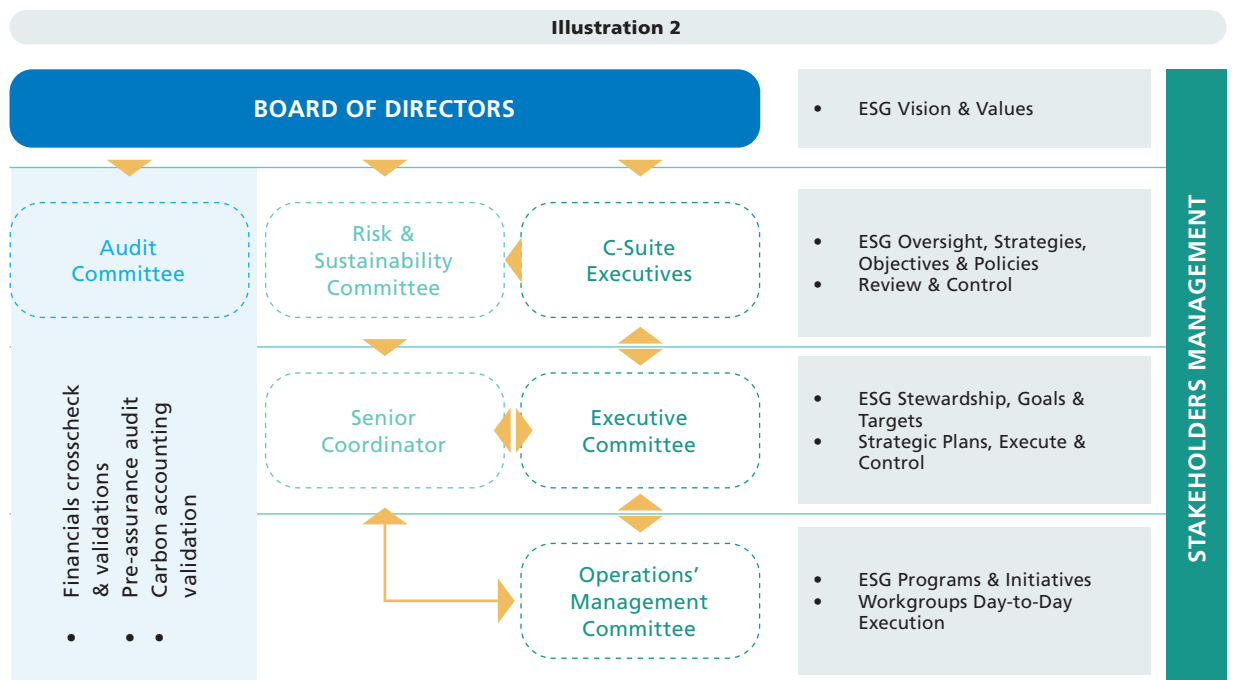
The Group firmly believes that integrity and ethics are vital to good governance. These principles serve as the cornerstone for integrating sustainability objectives into decision-making, fostering transparency, managing risks effectively, and driving long-term success. As a result, sustainability governance is seamlessly embedded within the Group’s corporate governance framework, with “climate-related matters” given equal priority alongside other sustainability areas, such as environmental, social, and community-focused initiatives.

Board-Level Oversight and Risk & Sustainability Committee (RSC)

The Board of Directors holds ultimate responsibility for overseeing the Group’s sustainability initiatives, including those related to climate change. In close collaboration with C-Suite Executives—comprising the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officers (COOs), and Heads of Departments (HODs)—the Board works through the RSC, chaired by independent directors, as depicted in Illustration 2 below. The RSC oversees the Group’s risk management and sustainability efforts, setting overall strategies, objectives, and policies. The RSC meets quarterly to review and discuss a wide range of enterprise risk management and ESG issues, including climate-related risk, opportunities, and initiatives.

Management’s Role in ESG and Climate Matters

Each C-Suite executive plays a complementary role in driving the Group’s sustainability and climate change agenda. The executives convene regularly through the Executive Committee (EXCO) and the Operation-Level Management Committee (MANCO) to lead the management’s efforts in this area. Together, they set the Group’s goals and targets in alignment with the ESG objectives and strategies defined by the RSC.





Sustainability Statement

B) GOVERNANCE STRUCTURE & SUSTAINABILITY MANAGEMENT FRAMEWORK (CONT'D)

1.0 STRUCTURE (CONT'D)

Management’s Role in ESG and Climate Matters (Cont’d)

The CEO provides overall stewardship, guiding the management’s direction and progress on sustainability and climate-related matters. The CFO ensures compliance with disclosure requirements, benchmarks best practices, and provides financial oversight on ESG and climate-related issues. Meanwhile, COOs and HODs are responsible for assessing, reporting, and managing key performance indicators (KPIs), initiating projects, and overseeing day-to-day ESG and climate-related activities at the operational and business unit levels.

The EXCO collaborates closely with the MANCO to execute sustainability and climate-related initiatives at a strategic level. Both committees meet monthly to address operational and business issues, ensuring that sustainability efforts are effectively integrated into day-to-day activities.

Audit Committee’s Role in ESG Assurance

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

Coordination and Accountability at All Levels

A dedicated senior manager has been appointed to oversee overall coordination, consolidated reporting, and communication related to sustainability and risk management across the Group. This structure ensures that all levels of the organization are actively engaged in evaluating and addressing ESG and climate-related risks and opportunities, managing stakeholder relationships, and fulfilling their responsibilities in alignment with the Group’s sustainability objectives.



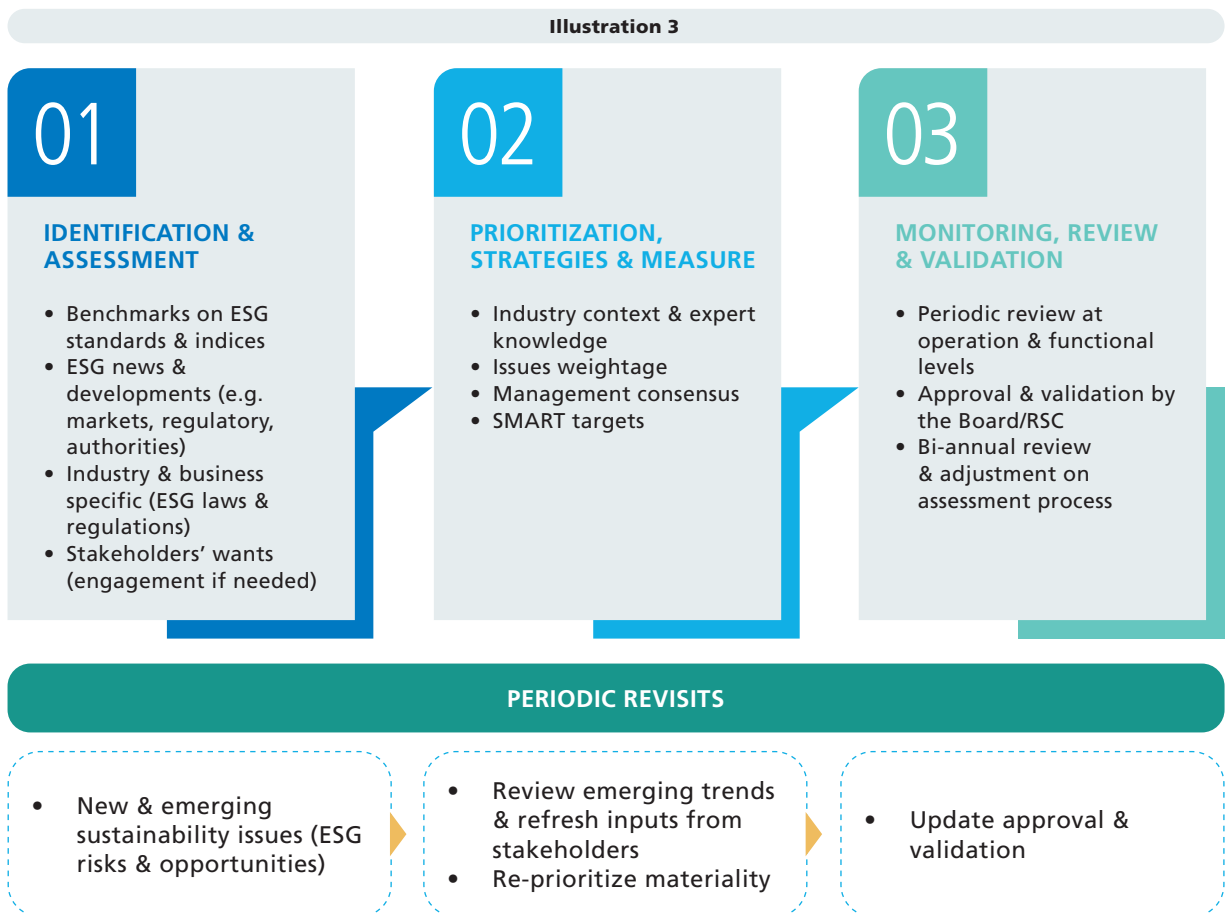


Sustainability Statement

B) GOVERNANCE STRUCTURE & SUSTAINABILITY MANAGEMENT FRAMEWORK (CONT'D)

2.0 MATERIALITY ASSESSMENT & STAKEHOLDERS ENGAGEMENT

Materiality is a critical input into the Group’s corporate sustainability strategy as it ensures that the Group concentrates on the sustainability and climate-related concerns that are most important to business and stakeholders. During the first year of sustainability reporting, the Group undertook a comprehensive process to identify and assess sustainability and climate-related risks, prioritize strategic responses, set goals and targets, and establish measures for monitoring, reviewing, and validating sustainability and climate-related matters, as shown in Illustration 3. In subsequent years, including the current reporting period, the Group continues to identify emerging sustainability and climate-related issues, while reassessing and reprioritizing existing material concerns.



The framework for managing ESG matters, from ‘identification and assessment’ to ‘prioritization, strategies, and measure,’ mirrors the approach used for climate change management. The current emphasis on sustainability matters during this reporting period is visually depicted in Illustration 4(a) for steel-related operations and Illustration 4(b) for non-steel operations. Notably, around 90% of the Group’s material sustainability issues align with those classified as “Common” under Bursa Malaysia’s Enhanced Disclosure Requirement.

While most of the identified material sustainability matters remain in the red-flagged zone, with defined short to long-term strategies and ongoing efforts, prioritization may shift. To account for this, the framework’s steps are revisited annually to address evolving dynamics, emerging trends, and any performance shortfalls against targets. Throughout this process, the Group engages key stakeholders to gather their insights, which help refine sustainability priorities and shape strategic responses.

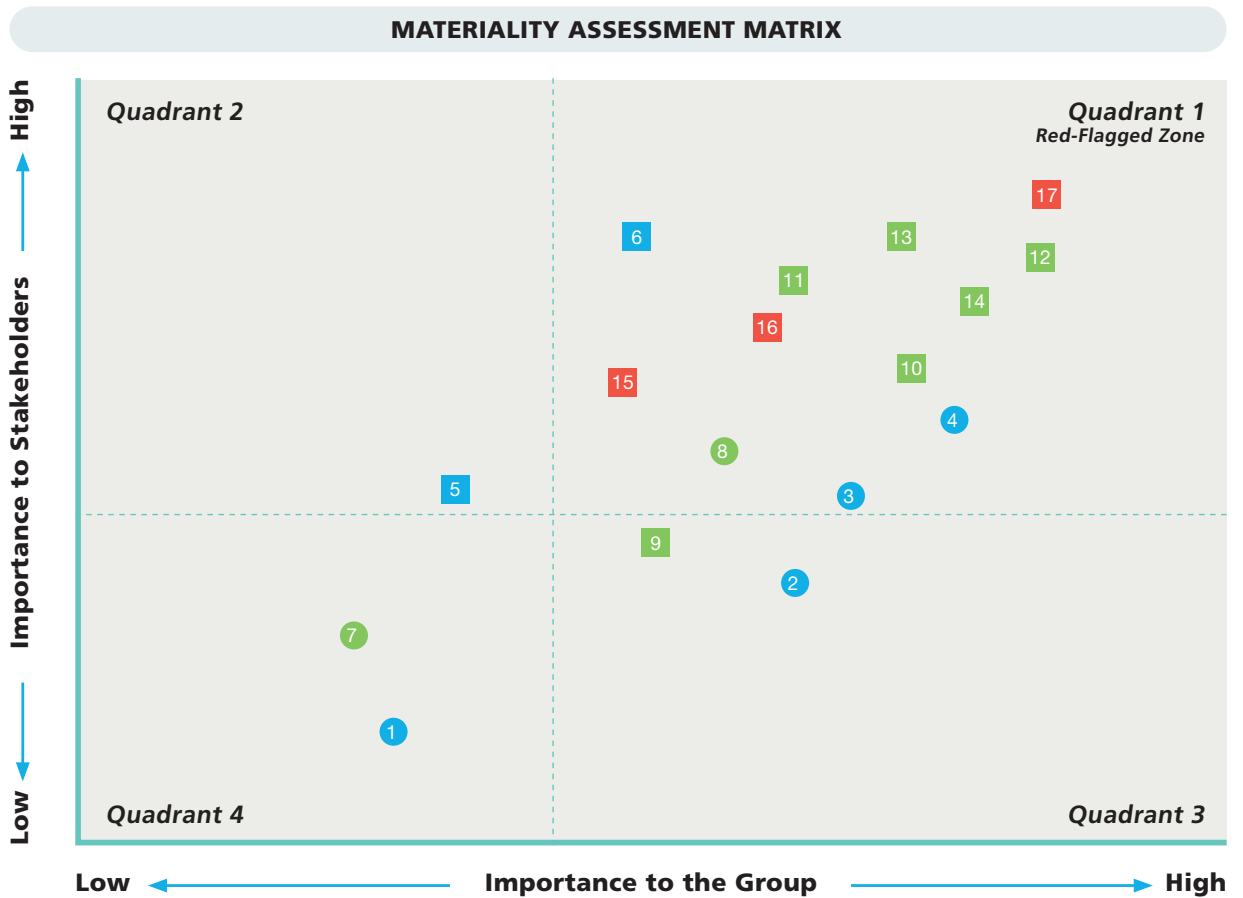


Sustainability Statement

B) GOVERNANCE STRUCTURE & SUSTAINABILITY MANAGEMENT FRAMEWORK (CONT'D)

2.0 MATERIALITY ASSESSMENT & STAKEHOLDERS ENGAGEMENT (CONT'D)

Illustration 4(a) - Steel-related operations



● Economic Element	● Environment Element	● Social Element
1 Life-cycle (Products & Assets)	7 Biodiversity	
2 Green Funding	8 Traceability & Eco-labelling	
3 Customer Value		
4 Fair Trade		
● Economic Element	● Environment Element	● Social Element
5 Data Privacy & Security	9 Supply Chain Management	15 Community/Society
6 Anti-Corruption & Business Ethics	10 Climate Change	16 Labour Practices & Standards
	11 Waste Management	17 Health & Safety
	12 Water	
	13 GHG Emissions	
	14 Energy Management	

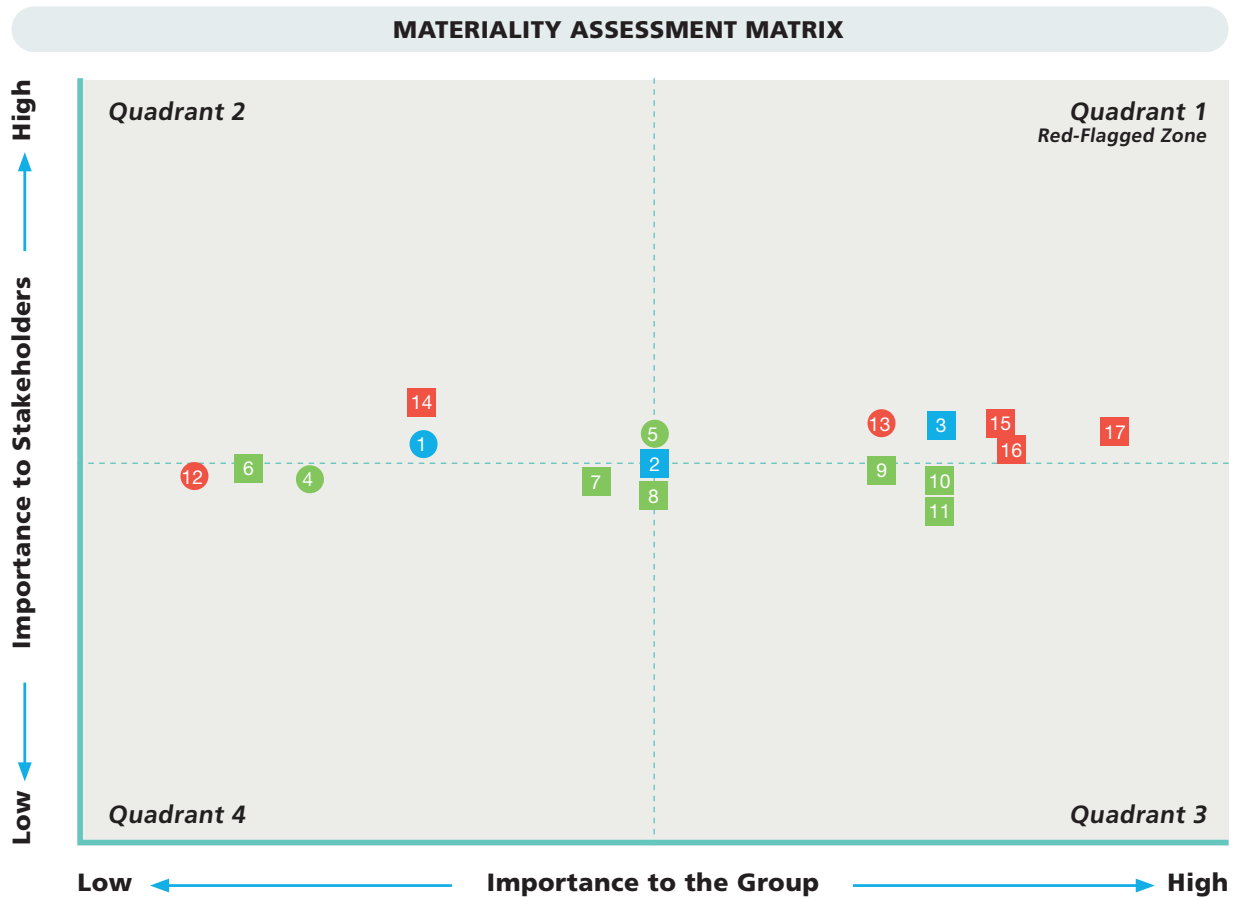


Sustainability Statement

B) GOVERNANCE STRUCTURE & SUSTAINABILITY MANAGEMENT FRAMEWORK (CONT'D)

2.0 MATERIALITY ASSESSMENT & STAKEHOLDERS ENGAGEMENT (CONT'D)

Illustration 4(b) – Non-steel operations



Common Material Sustainability Matter as prescribed by BURSA

Economic Element	Environment Element	Social Element
1 Anti-Competitive	4 Biodiversity	12 Human Rights Assessment
	5 Materials	13 Customer Health & Safety
2 Data Privacy & Security	6 Emissions Management	14 Community/Society
3 Anti-Corruption	7 Climate Change	15 Diversity & Non-Discrimination
	8 Energy Management	16 Labour Practices & Standards
	9 Water	17 Occupational Health & Safety
	10 Supply Chain Management	
	11 Waste Management	



Sustainability Statement

C) MATERIAL SUSTAINABLE MATTERS & OUTCOMES

Based on our materiality assessment, the Group has identified key ESG sustainability concerns for the current fiscal year. Many of these material issues are associated with the Group’s steel-related operations, which are primarily manufacturing-focused. In contrast, the Group’s other businesses (excluding the food division) are predominantly service-oriented and have minimal direct environmental impact (refer to Illustration 4(b)). The food division, as part of the Group’s non-steel operations, is involved in the processing, trading, and distribution of food products and has contributed only a negligible direct environmental impact in terms of the total Group contribution during this reporting period.

1.0 TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURE (TCFD)

1.1 STRATEGY

Our evaluation of climate-related risks and opportunities encompasses both the steel and food industries, as well as the potential climate impacts on all our operational sites, key customers, and critical suppliers. We assessed these risks and opportunities over different time frames – short (0-2 years), medium (2-5 years), and long (beyond 5 years).

In the previous financial year, we conducted internal workshops to identify potential climate-related risks and opportunities in line with our TCFD disclosures. For the current period, management has revisited these risks and opportunities, taking into account emerging trends. Additionally, discussions were held with key customers and critical suppliers to gain an updated perspective on climate-related risks and opportunities affecting them. The following disclosures incorporate these insights – financial implications & other risks and opportunities due to climate change (*GRI 201: Economic Performance*).

Type of Climate Risk	Potential Impact	Strategies & Opportunities
<p>(a) Physical Acute & Chronic</p>	<p>(a) Extreme Weather : Drought, Heatwave, Water-cuts and Wildfires</p> <p>During the current period, we encountered more days with extreme midday temperatures between 36°C and 39°C. Fortunately, there were no incidents or calamities reported as a result. In the short to medium term, we do not foresee any significant threats or disruptions due to high temperatures. However, in the long term, under a scenario of severe carbon buildup where temperatures exceed 40°C for prolonged periods, the risk of water shortages and health issues for staff may increase.</p> <p>Our Cold Roll Coiled (CRC) operations are highly water-intensive, and our current water tank reserves can only sustain operations for 24 hours. While our manufacturing facility is not air-conditioned, it is well-ventilated. Extended extreme heatwaves could lead to health problems among factory workers, decreased productivity, and higher absenteeism. In the event of a production stoppage, we estimate that the Group’s steel-related operations could face financial losses of up to RM100,000 per day per factory.</p>	<p>Our steel manufacturing factories’ Solar PV renewable energy systems operated at peak performance during the scorching days. We plan to further expand Solar PV coverage wherever feasible. Additionally, we continually seek to increase the capacity of our water-holding tanks, especially in our CRC operations, to reduce the risk of production disruptions. While this may not be sufficient on its own, the expanded water-holding tanks also enhance our ability to harvest and retain water, which complements our flood mitigation strategy.</p>



Sustainability Statement

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

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

1.1 STRATEGY (CONT'D)

Type of Climate Risk	Potential Impact	Strategies & Opportunities
(a) Physical Acute & Chronic (Cont'd)	(a) Extreme Weather : Drought, Heatwave, Water-cuts and Wildfires (Cont'd)	
	<p>Similarly, our food processing center relies heavily on water for cleaning, processing, and cooling, making water scarcity a significant risk that could lead to production stoppage. Rising global temperatures may elevate the internal temperatures of storage and processing areas, particularly if cooling systems are not adequately maintained or fail. This increases the risk of food spoilage, especially for perishable items. Moreover, cooling and refrigeration systems will need to operate more intensively in hotter climates, resulting in higher energy consumption. Elevated humidity levels can also complicate the maintenance of optimal storage conditions, increasing the likelihood of mold growth on food products, particularly those stored for extended periods. Due to a lack of sufficient historical data or reliable projections, we are unable to quantify the potential financial impact of any production stoppage or food spoilage events due to climate change at this time.</p> <p>In our "Edible Oil" bottling and distribution business, water shortages will affect the bottling process, cleaning operations, and overall production efficiency. High temperatures can also compromise the quality of cooking oil during storage and transportation. Prolonged exposure to heat may cause oxidation, reducing the oil's shelf life and quality, which can ultimately impact consumer safety and brand reputation. Due to insufficient historical data or reliable projections, we are unable to quantify the potential financial impact of production stoppage or any products return due to declines in cooking oil quality at this juncture.</p>	<p>To address health issues in this area, we are committed to providing adequate training and raising awareness to prevent heat-related illnesses. We are also exploring methods to reduce heat buildup in the manufacturing factories through improved ventilation and roof cooling systems.</p> <p>For our food processing center, we have installed temperature and humidity control systems with redundancy to manage spoilage risks.</p> <p>The Group is adequately insured against related risks.</p> <p>Residue Risk: Short to medium term is "low". Long term is "uncertain".</p>



Sustainability Statement

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

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

1.1 STRATEGY (CONT'D)

Type of Climate Risk	Potential Impact	Strategies & Opportunities
<p>(a) Physical Acute & Chronic (Cont'd)</p>	<p>(b) Extreme Weather : Tropical Storm, Flash Floods, Landslides and Falling Trees</p> <p>During the current period, scorching daytime temperatures have been followed by intense thunderstorms in the late afternoon or evenings. Fortunately, we did not experience any incidents or calamities associated with these conditions. In the short to medium term, we anticipate that flash floods will remain a potential threat, which may worsen in the long term due to rising sea levels under a scenario of intensive carbon buildup.</p> <p>Our four steel manufacturing factories are situated within an 18 km radius of the seaport, with elevations ranging from 8 meters (the lowest) to 22 meters (the highest) above sea level. Our site assessments and past experiences suggest that the lowest-lying factory faces a certain degree of flash flood risk if mitigation measures are insufficient. We estimate that a foot of floodwater at that factory could result in a 30% impairment loss on inventory and a 20% damage loss on equipment and machinery, potentially totaling RM64 million in losses based on its carrying value at the end of this period. Flooding could also disrupt business and factory operations, with estimated financial losses of up to RM100,000 per day per factory in the event of manufacturing stoppages.</p> <p>Meanwhile, our food processing center near Jalan Sungai Tua in Batu Caves, located in a high-lying area, has minimal exposure to flash flood risks. However, if mitigation measures are inadequate in lower-lying areas, flooded roads around Batu Caves could disrupt transportation and delay product deliveries. The Batu Caves area is surrounded by hilly and mountainous terrain, and heavy rainfall increases the risk of landslides, potentially disrupting transportation routes or damaging infrastructure. Extreme weather can also lead to power outages, which pose critical risks for food processing and storage facilities that rely on refrigeration and temperature control. A power outage could result in widespread food spoilage. Due to a lack of sufficient historical data or reliable projections, we are unable to quantify the potential financial impact from these climate risks at this juncture.</p>	<p>Based on our tested flood-response protocol, the current flood mitigation strategies in place for the steel manufacturing factories include large-scale rainwater harvesting systems, water retention ponds with emergency floodwater pumps, and periodic inspections and clearing of drainage to remove debris. Our rainwater harvesting systems divert rainwater for operational use and also serve as a backup reservoir. This has been effective in helping the Group reduce its net water consumption by approximately 1% annually.</p> <p>The Group's four steel manufacturing factories, located at different elevations but within a 15-minute drive of each other, offer operational flexibility for emergency rerouting of goods and materials, as well as providing options for staging sites for emergency response and recovery.</p>



Sustainability Statement

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

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

1.1 STRATEGY (CONT'D)

Type of Climate Risk	Potential Impact	Strategies & Opportunities
<p>(a) Physical Acute & Chronic (Cont'd)</p>	<p>(b) Extreme Weather : Tropical Storm, Flash Floods, Landslides and Falling Trees (Cont'd)</p> <p>Our cooking oil bottling factory in Rawang is located in a high-lying area and is not in a flood-prone zone. However, heavy rainfalls may cause nearby rivers, including Sungai Rawang, and other water bodies to overflow, potentially impacting surrounding facilities and disrupting operations. Extreme weather events, such as thunderstorms and strong winds, can also damage factory infrastructure, roofs, and electrical systems, leading to potential downtime and repair costs. Due to insufficient historical data or reliable projections, we are unable to quantify the potential financial impact from these climate risks at this time.</p>	<p>Storm, Flash Floods, Landslides and Falling Trees</p> <p>For our food processing center, our strategy to mitigate power outages caused by extreme weather includes having reliable backup power generators and developing supply chain contingency plans to manage delays caused by floods or other weather-related disruptions.</p> <p>The Group is adequately insured against these risks.</p> <p>Residue Risk: Short to medium term is "low". Long term is "uncertain".</p>
<p>(b) Transition Risk</p>	<p>(i) Market Restrictions & Carbon Tax</p> <p>The EU introduced a cross-border carbon tax in late 2023, reflecting a growing trend of market protectionism under the guide of ESG and net-zero targets. There is also a possibility that a local carbon tax could be introduced prematurely.</p>	<p>The Group is committed towards its net-zero goal by 2050 with the following strategies:</p> <p>a) Aligning renewable energy with National initiatives</p> <p>The Malaysian Government has committed to accelerating three critical initiatives—the New Industrial Master Plan, the National Energy Transition Roadmap, and the Hydrogen Economy & Technology Roadmap—on the path to achieving net-zero by 2050.</p>



Sustainability Statement

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

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

1.1 STRATEGY (CONT'D)

Type of Climate Risk	Potential Impact	Strategies & Opportunities
(b) Transition Risk (Cont'd)	<p>(i) Market Restrictions & Carbon Tax (Cont'd)</p> <p>Although we do not currently export to the EU, the risk of cross-border carbon taxes being adopted by other nations as a protectionist measure is likely to increase in the medium to long term. If this occurs, our export sales and/or operating margins could be impacted in proportion to our carbon footprint. Additionally, the premature implementation of a local carbon tax, particularly when access to renewable energy is limited or uneconomical, could negatively affect the Group's bottom line. Due to uncertainties around key variables, the financial impact of these potential developments cannot be quantified at this time.</p>	<p>The Group is committed towards its net-zero goal by 2050 with the following strategies: (Cont'd)</p> <p>a) Aligning renewable energy with National initiatives (Cont'd)</p> <p>In late September 2024, the updated National Climate Change Policy (NCCP) 2.0 was introduced, presenting a comprehensive framework for Malaysia's shift towards a low-carbon economy. This policy serves as a unifying force, consolidating all climate-related efforts under one strategic vision. It provides a clearer roadmap for governance, low-carbon development, climate adaptation, financing, and partnerships, while laying the foundation for the forthcoming Climate Change Act, anticipated by early 2025.</p> <p>Through the gradual transition of our remaining energy requirements to green energy sources, as outlined in these national initiatives, we project a 60% reduction in our direct carbon footprint.</p>
	<p>(ii) Net-Zero Carbon</p> <p>The Group's Net-Zero ambition aligns with the Nation's goal of achieving carbon neutrality by 2050.</p> <p>We are now in the fifth year of actively working to reduce our carbon footprint. During this time, we have strategically invested in renewable energy sources and more energy-efficient equipment, leading to a roughly 11% reduction in our carbon footprint compared to pre-2019 levels. However, we have already capitalized on the more accessible opportunities, and the path forward will become increasingly challenging from technical, commercial, and financial perspectives as we continue our Net-Zero journey.</p>	
		<p>b) Next level initiatives</p> <p>The Group is evaluating enterprise-level battery energy storage and management systems, as well as expanding the electrification of equipment and vehicles that are still reliant on carbon-based fuels. Additionally, we are exploring new, climate- and energy-friendly production technologies as alternatives for aging plants and equipment due for replacement. We anticipate that these initiatives could further reduce our carbon footprint by approximately 25%.</p>



Sustainability Statement

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

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

1.1 STRATEGY (CONT'D)

Type of Climate Risk	Potential Impact	Strategies & Opportunities
(b) Transition Risk (Cont'd)	(iii) Higher Fossil Fuel/Energy Cost	<p>The Group is committed towards its net-zero goal by 2050 with the following strategies: (Cont'd)</p> <p>c) Offsets & Sequestration</p> <p>The remaining reduction will need to be achieved through the purchase of carbon credits from the Bursa Carbon Exchange or through direct investment in accredited carbon capture projects or carbon offset programs.</p>
	<p>The Nation's energy transition plans include the gradual removal of subsidies on fossil fuels and energy. This shift is already underway, with increases in electricity, natural gas, and diesel prices over the past 12 months, and petrol price hikes expected to follow. We anticipate that these changes will result in at least a 15% increase in the Group's operating costs.</p>	<p>Strategies & Opportunities</p> <p>The Group is committed towards its net-zero goal by 2050 with the following strategies: (Cont'd)</p> <p>c) Offsets & Sequestration (Cont'd)</p> <p>Carbon Neutrality Roadmap Average KgCO₂/t Output (based on Scope 1 & 2)</p> <p>The remaining reduction will come from: Renewable Energy from National Energy Plans: 60% Next level electrification & production technology transformation: 25% Carbon offsets & sequestration credits: 15%</p>
<p>The net-zero journey will present 'cost-return' challenges at every stage. Our strategy is to take a pragmatic approach, focusing on maximizing decarbonization where it can be done economically, and addressing remaining gaps gradually, in line with external developments.</p> <p>Residue Risk: Short to medium term is "medium". Long term is "significant".</p>		



Sustainability Statement

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

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

1.1 STRATEGY (CONT'D)

Type of Climate Risk	Potential Impact	Strategies & Opportunities
<p>(b) Transition Risk (Cont'd)</p>	<p>(iv) Suppliers and Customers Readiness</p> <p>Suppliers and customers are not aligned when it comes to their decarbonization goals and progress. In recent years, we have engaged with our suppliers to gain insight into their decarbonization strategies and advancements, as well as with our customers to gauge their awareness and willingness to accept higher-priced greener steel products. Although most of our key suppliers have implemented decarbonization programs, with some starting to offer greener products, many of our industrial customers have found that the market for net-zero carbon steel products among end-consumers is still minimal and economically impractical. The end-consumer market is highly sensitive to price, particularly due to the availability of imported alternatives that are not held to the same rigorous GHG emission standards.</p>	<p>Our main strategy is to cultivate strong engagement and collaboration with our suppliers and customers on climate-related issues and goals. To achieve this, we will continue our annual ESG audits of key steel suppliers and work alongside our customers to influence their decarbonization pathways.</p> <p>To strengthen these collaborations, we are teaming up with essential raw material suppliers to launch first-mover net-zero carbon steel products. Additionally, we are partnering with customers to create marketing strategies that promote and advocate for traceable green steel products targeted at end-consumers.</p> <p>In the medium to long term, we, together with our suppliers and industrial customers, will assume a leadership role in fostering and shaping the demand for net-zero carbon steel products in the end-consumer market.</p>
	<p>(v) Financials</p> <p>a) Revenue</p> <p>In the short to medium term, we do not anticipate any significant changes in customers' purchasing behaviour related to climate change concerns. We believe our products will continue to play a vital role in the nation's transition to a low-carbon economy. However, we expect that selling prices will need to rise to offset the increased production and operating costs associated with climate and other ESG compliance, thereby boosting revenue, if sales volume remains unchanged.</p>	<p>a) Revenue</p> <p>In the short to medium term, we intend to increase our sales revenue by supplying various national infrastructure and renewable energy projects aligned with the energy transition plan. In the long term, we aim to introduce new lines of net-zero carbon steel products in collaboration with our suppliers and customers to boost our revenue. Throughout this process, we will need to gradually encourage customers to accept higher prices in line with the rising costs associated with climate and ESG compliance.</p>



Sustainability Statement

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

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

1.1 STRATEGY (CONT'D)

Type of Climate Risk	Potential Impact	Strategies & Opportunities
(b) Transition Risk (Cont'd)	<p>(v) Financials (Cont'd)</p> <p>b) Operating Expenditures & Bottomline</p> <p>We anticipate operating expenditures (OPEXs) to rise by 10% to 15% in the short term, driven by increased fuel and energy costs, funding for ESG compliance and programs, and similar cost increases passed on from suppliers and service providers. In the medium to long term, OPEXs are expected to continue climbing alongside the intensification of decarbonization efforts, particularly if we resort to carbon credit offsets. The Group's bottom line will be adversely affected if these OPEXs increase are not fully passed on to customers.</p>	<p>b) Operating Expenditures & Bottomline</p> <p>The strategy focuses on a pragmatic approach and diligent management of rising operating expenditures (OPEXs) associated with climate and ESG compliance, while advocating for customers to shoulder all or part of these costs. We have noted that numerous developed nations are retreating from their climate commitments in favour of self-protectionism and preservation. In light of this, it is prudent to prioritize self-sustainability as our primary objective.</p>
	<p>c) Assets & Capital Expenditures</p> <p>We do not possess any carbon-intensive assets that require replacement. However, over the next 26 years leading up to our net-zero target in 2050, we estimate that more than 40% of our depreciable capital assets will need to be replaced. This creates opportunities for integrating electrification and energy-efficient alternatives as part of our decarbonization efforts.</p> <p>In the short to medium term, we anticipate allocating no more than RM5 million for capital expenditures on "climate and decarbonization" projects. These include enterprise energy storage solutions, the installation of additional solar PV panels, and advanced water-harvesting initiatives to support our zero-carbon objective.</p>	



Sustainability Statement

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

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

1.2 METRICS & TARGETS

The primary driver of climate change is attributed to ozone depletion caused by greenhouse gas (GHG) emissions, alongside the reduction of natural carbon sinks due to industrialization, deforestation, and over-reliance on carbon fuels. Accordingly, our key metrics related to 'climate' centre on reducing GHG emissions and minimizing our carbon footprint.

<p>(a) GHG Emissions (GRI 305: Emissions)</p>	<p>Steel Division Steel manufacturing processes entail mainly mechanical and motorized equipment with zero to negligible gaseous or fume emission. Where fumes are generated, they are treated prior to being released into the atmosphere. Our coil pickling line produces hydrochloric acid waste and vapor, which are recovered in an Acid Regeneration Plant. Unfortunately, traces of hydrochloric acid fumes (non-GHG) below regulatory hazardous limits can be detected in the air around hot processing areas. Our zinc galvanizing plant emits white fumes (non-GHG) composed of ash and chlorine particles, which are filtered and treated through scrubbing before being vented. The galvanizing burners produce minimal amounts of nitrogen oxides (a GHG) based on tested specifications, with a negligible impact on the environment. Below are the GHG metrics and outcomes we monitor:</p> <table border="1" data-bbox="619 1272 1473 1657"> <thead> <tr> <th>Type of Emissions</th> <th>Checklist/Remarks</th> </tr> </thead> <tbody> <tr> <td>GHG : CO²</td> <td>Yes. As reported in Scope 1 & 2.</td> </tr> <tr> <td>GHG : Others (CH⁴, N²O, HFC² ..etc)</td> <td>No. Zero or too negligible to record.</td> </tr> <tr> <td>Ozone-depleting Substances</td> <td>No. No industrial refrigerant. No discharge of fire-extinguishers.</td> </tr> <tr> <td>Nitrogen Oxides, Sulfur Oxides</td> <td>Negligible traces of NOx from galvanizing burners.</td> </tr> <tr> <td>Biogenic CO²</td> <td>No usage or production of biogenic materials. Negligible planting.</td> </tr> <tr> <td>Fugitive</td> <td>No incidence of leakage. Periodic system checks.</td> </tr> </tbody> </table>	Type of Emissions	Checklist/Remarks	GHG : CO ²	Yes. As reported in Scope 1 & 2.	GHG : Others (CH ⁴ , N ² O, 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.
Type of Emissions	Checklist/Remarks														
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Sustainability Statement

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

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

1.2 METRICS & TARGETS (CONT'D)

(a) GHG Emissions
(Cont'd)
(GRI 305:
Emissions)

Food Division

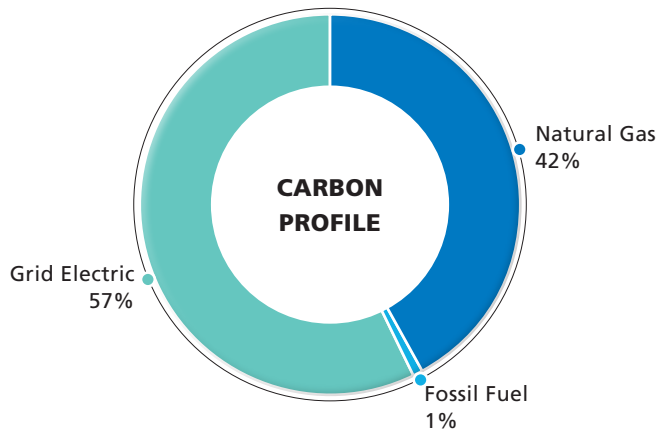
Food processing contributes to GHG emissions across its production and supply chain. Processing plant heavily relies on energy, mainly from grid electricity and fossil fuels, to power machinery, refrigeration, and transportation. Refrigeration plays a significant role, particularly for meat and frozen foods, with hydrofluorocarbons (HFCs) commonly used as refrigerants in cooling systems.

Processed foods are often transported over long distances from warehouses or factories to distribution centers and retailers, where the fuel used for trucks, ships, and other transport vehicles emits CO² and other GHGs. Additionally, a considerable amount of food is lost or wasted during processing, either as byproducts or due to spoilage. When this organic waste ends up in landfills, it decomposes and releases methane (CH⁴).

Food processing facility also generates wastewater from cleaning and processing activities. The treatment of this wastewater often leads to emissions of methane and nitrous oxide (N²O), further contributing to the industry's environmental impact.

Overall, our contribution to GHG emissions primarily consists of CO² equivalents resulting from our consumption of grid electricity, natural gas, and fossil fuels (refer Chart 1). We measure, record, and track the carbon footprint associated with these sources. According to our carbon profile, effective energy management is crucial for reducing our carbon footprint.

Chart 1





Sustainability Statement

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

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

1.2 METRICS & TARGETS (CONT'D)

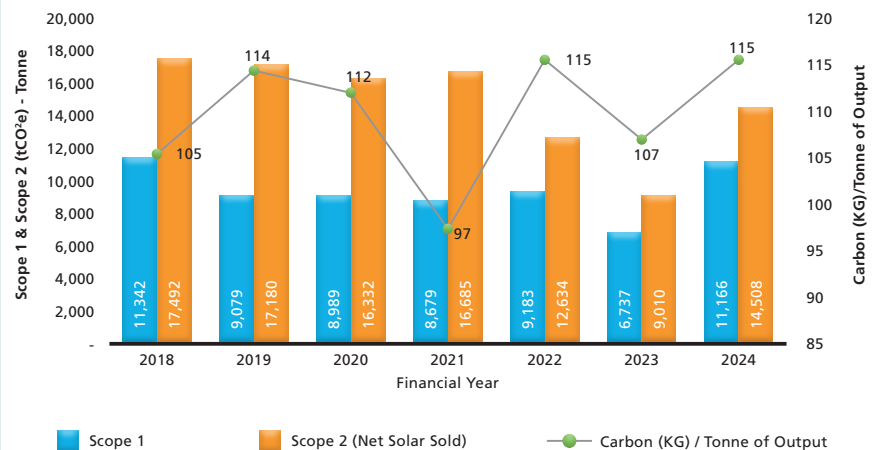
(b) Carbon Footprint & Energy Management (GRI 302: Energy & GRI 305: Emissions)

Since 2019, we have been measuring and tracking our carbon footprint based on the GHG Protocol's classification of Scope 1 (direct emissions from sources like natural gas, diesel, and petrol) and Scope 2 (indirect emissions primarily from grid electricity). Our objective is to gradually reduce our Scope 1 and Scope 2 carbon footprint to net-zero by 2050, as outlined on page 26. Since carbon-equivalent emissions are linked to production output, we utilize the metric of 'carbon-per-unit-output' in 'kg/tonne' as our main performance measure.

Operating within regulatory, technical, and financial constraints, the Group has launched several initiatives, including Solar PV, energy efficiency programs, and electrification projects. Our steel division subscribed to a green energy tariff in 2022 when it was economically feasible but had to discontinue it after the tariff rates surged six-fold overnight. This division also engaged in bids for virtual power purchases for green electricity in 2023 with the national utility company but was unsuccessful due to limited offerings. Our decarbonization journey will adapt over time, presenting various options as opportunities become available.

For FY2024, our total carbon footprint was approximately 25,674 tonnes, reflecting a 63% increase compared to the prior period (see Chart 2). This rise corresponds with an increase in total energy consumption (see Chart 3), driven by a 51% boost in production output during the same timeframe. When evaluated in terms of 'carbon-per-unit output' (see Chart 2), our carbon footprint for FY2024 was recorded at 115 kg/tonne, which is consistent with FY2022 and about 8% higher than FY2023's 107 kg/tonne.

Chart 2 - Carbon Emissions





Sustainability Statement

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

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

1.2 METRICS & TARGETS (CONT'D)

(b) Carbon Footprint & Energy Management (Cont'd)
(GRI 302: Energy & GRI 305: Emissions)

We attribute the increased 'carbon-per-unit output' to two key factors:

- (i) The renewable energy output in FY2024 remained relatively flat (see Chart 3) since our additional 526 kWp Solar PV project was completed only in the latter half of the year; and
- (ii) Our natural gas consumption surged by 67% (refer Chart 4) due to the increased volume of cold rolled coil output, which necessitated an annealing process.

Chart 3 - Energy Management

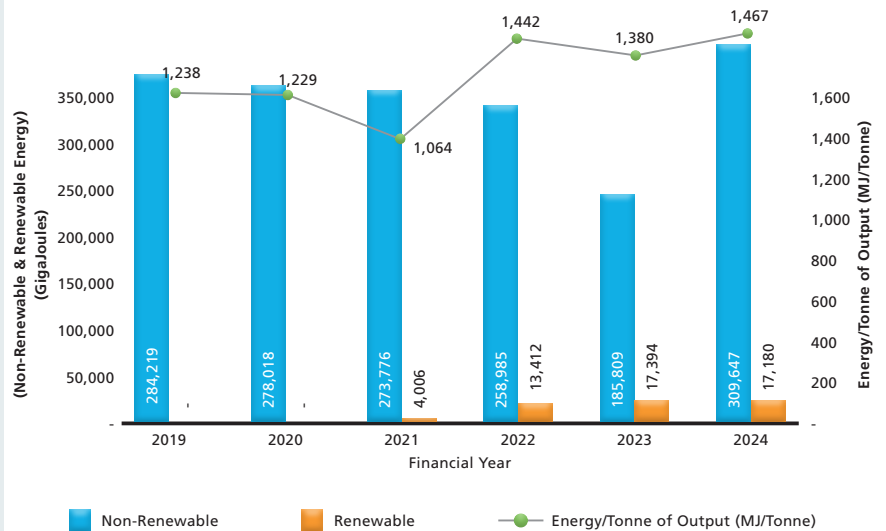
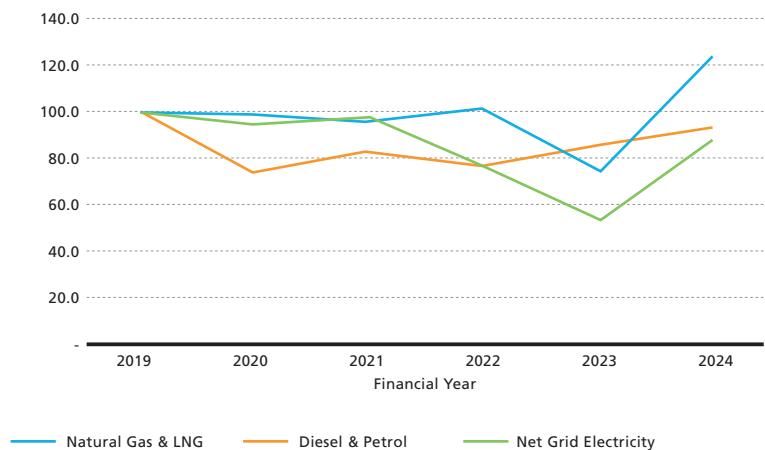


Chart 4 - Energy Consumption Trend (Indexed 2019 Base Year)





Sustainability Statement

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

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

1.2 METRICS & TARGETS (CONT'D)

<p>(b) Carbon Footprint & Energy Management (Cont'd) (GRI 302: Energy & GRI 305: Emissions)</p>	<p>Natural gas accounts for 67% of our total energy consumption (see Chart 5), with a significant portion attributed to the gas-fired annealing process in our CRC manufacturing factory. Natural gas continues to be the cleanest option, as its combustion carbon footprint is half that of coal and 30% lower than that of fossil fuels.</p> <p>Chart 5</p> <table border="1"> <caption>ENERGY PROFILE</caption> <thead> <tr> <th>Energy Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Natural Gas & LNG</td> <td>67%</td> </tr> <tr> <td>Grid Electricity</td> <td>27%</td> </tr> <tr> <td>Renewable Energy</td> <td>5%</td> </tr> <tr> <td>Diesel & Petrol</td> <td>1%</td> </tr> </tbody> </table>	Energy Source	Percentage	Natural Gas & LNG	67%	Grid Electricity	27%	Renewable Energy	5%	Diesel & Petrol	1%
Energy Source	Percentage										
Natural Gas & LNG	67%										
Grid Electricity	27%										
Renewable Energy	5%										
Diesel & Petrol	1%										
<p>(c) Scope 3 Emissions (GRI 305: Emissions)</p>	<p>Steel Division</p> <p>Our Scope 3 (other indirect emissions) encompasses a wide range of sources, with raw steel suppliers and global logistics contributing the largest carbon footprints. Due to the complexity and diversity of the steel supply chain, it remains both technically and economically challenging to measure all possible indirect emissions under Scope 3 in a reliable and consistent manner comparable with industry peers. Many of our upstream suppliers either cannot provide carbon data or do not have reliable figures. Moreover, there are no universally established global standards or measurement criteria for defining “green steel” or determining the specific Scope 3 components in calculating net-zero carbon steel.</p> <p>Based on our estimates, Scope 3 emissions could account for between 90% and 98% of our total carbon footprint, depending on various assumptions and the origin of the raw steel. At present, including Scope 3 data can distort performance metrics and make peer comparisons within the iron and steel industry difficult. Despite these challenges, we are committed to reducing our Scope 3 footprint. To this end, we have been actively engaging with our raw steel mill suppliers to evaluate their decarbonization plans and progress. We conduct annual surveys, audits, and site visits to qualitatively assess and track their developments. All new suppliers undergo an ESG assessment before being approved. In the short to mid-term, we are also working toward reducing emissions from workforce commutes and goods transportation by transitioning to low-carbon alternatives.</p> <p>As part of our groundwork for integrating reliable and comparable Scope 3 data in the future, we have partnered with University Teknologi Malaysia to develop a comprehensive carbon measurement and monitoring system and to establish a “green steel” GHG threshold standard for the nation’s iron and steel industry.</p>										



Sustainability Statement

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

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

1.2 METRICS & TARGETS (CONT'D)

<p>(c) Scope 3 Emissions (Cont'd) (GRI 305: Emissions)</p>	<p>Food Division For the food processing and cooking oil bottling industries, the primary sources of Scope 3 emissions across the value chain can be summarized as follows:</p> <table border="1"> <thead> <tr> <th>Process</th> <th>Scope 3 Emission Activities</th> </tr> </thead> <tbody> <tr> <td>Transportation and Logistics</td> <td> <ul style="list-style-type: none"> Transportation of raw materials (raw meats and palm oil) and packaging materials to processing facilities. Shipping and distributing finished products to retailers, foodservice and customers. </td> </tr> <tr> <td>Waste Disposal and Management</td> <td> <ul style="list-style-type: none"> Disposal or recycling of packaging materials and other waste generated during food processing and bottling, including food and oil waste. </td> </tr> </tbody> </table> <p>In both meat processing and cooking oil bottling, reducing Scope 3 emissions requires collaboration with suppliers and efforts to transition to more sustainable practices, such as sourcing low-emission raw materials and improving logistics efficiency, and encouraging the use of renewable energy.</p> <p>Like our steel division, the food division has signed a Memorandum of Understanding (MoU) with University Teknologi Malaysia to develop a comprehensive sustainability monitoring system. This system is a crucial step in advancing our efforts toward creating an environmentally-friendly food production process.</p>	Process	Scope 3 Emission Activities	Transportation and Logistics	<ul style="list-style-type: none"> Transportation of raw materials (raw meats and palm oil) and packaging materials to processing facilities. Shipping and distributing finished products to retailers, foodservice and customers. 	Waste Disposal and Management	<ul style="list-style-type: none"> Disposal or recycling of packaging materials and other waste generated during food processing and bottling, including food and oil waste.
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Waste Disposal and Management	<ul style="list-style-type: none"> Disposal or recycling of packaging materials and other waste generated during food processing and bottling, including food and oil waste. 						

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 governing steel manufacturing, food processing and cooking oil bottling operations in Malaysia falls under 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.

Both the Cold Rolled Coil and Steel Tube factories are required to meet stringent environmental regulatory standards annually. To uphold dependable and continuous environmental stewardship, we have aligned our compliance with the International Organization for Standardization (ISO) 14001:2015, under which our key steel operations are certified. 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.



Sustainability Statement

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

2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

Our Halal food processing and cooking oil bottling facilities are also required to follow environmentally sustainable practices as part of the Halal certification standards (MS1500: 2019). Additionally, these facilities must maintain proper sewage treatment systems and meet effluent discharge standards to prevent environmental contamination. For solid waste management, including food and oil waste generated during processing, a designated service provider is engaged to ensure proper disposal. For the year under review, our records show no instances of non-compliance with relevant laws and regulations concerning air emissions, water discharges or hazardous and non-hazardous waste.

Further information regarding our management of these critical sustainability aspects is provided below.

(a) Suburbanization (GRI 203: Indirect Economic Impacts; GRI 305: Emissions; GRI 306: Waste; and GRI 413: Local Communities)

All our steel manufacturing facilities are situated in designated 'light industrial' zones. When these factories were originally built decades ago, the nearest commercial and residential areas were driving distances away. However, suburbanization over the years has brought these neighbourhoods much closer, now within walking distance. This proximity has heightened environmental expectations (especially concerning air quality, noise, water, traffic, and overall cleanliness), often exceeding regulatory requirements, as nearby businesses and residents have little tolerance for environmental issues.



Skyline next to our CRC factory

In addition to our annual spending on environmental compliance—such as testing, sampling, monitoring, inspections, and necessary equipment—we dedicate significant time and effort to fostering strong community relationships around environmental stewardship. For example, this year we organized a community cleanup program in the vicinity of our factory, including clearing open drains. The initiative received overwhelming community support and encouraged a shared sense of responsibility for environmental care.



Drainage clearing at the entrance of our factory



Cleaning the streets fronting our pipe factory



Sustainability Statement

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

2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

<p>(b) Water Management (GRI 303: Water & Effluents)</p>	<p>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.</p> <p>Water Drawn 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.</p> <p>The Group’s most water-intensive process is in the CRC segment, specifically in acid pickling and the Acid Regeneration Plant (ARP), which accounted for 95% of the Group’s net water consumption in FY2024. Since the ARP’s commissioning in FY2022, hydrochloric acid consumption has decreased by 90%, preventing around 1.5 million litres of spent acid waste in FY2024. Additionally, none of our operations are situated in water-stressed regions, and there were no water supply interruptions from third-party providers during the current reporting period.</p> <p>Since the food processing facility became operational only last year, the primary strategy currently in place to reduce water consumption while maintaining efficiency and product quality is the use of high-pressure, low-volume spray nozzles. These nozzles help minimize the amount of water required for cleaning equipment, floors, and surfaces.</p> <p>Rain Harvesting Since FY2022, the steel operations have increased their rainwater harvesting capacity to cover 53,260 square feet of surface area, supported by 312,000 litres of storage tanks. This system helps reduce surface water runoff during heavy rainfall, mitigates flash floods, enables controlled water discharge, and provides an alternative water source for internal use, reducing reliance on utility-supplied water. However, due to quality standards, rainwater is primarily used for ancillary and sanitary purposes. A significant portion of the harvested rainwater is either discharged or overflows into public waterways, without being accurately measured to offset net water consumption.</p> <p>Water Treatment All water-soluble waste or effluent generated from production is treated at on-site facilities before being either redirected for reuse or discharged into the drainage system. Treated water is continuously tested for pH levels and dissolved solids to ensure compliance with DoE standards prior to discharge. Since the commissioning of the ARP in FY2022, an increasing percentage of treated water has been diverted to the plant for reuse, demonstrating the quality of our treated water and its role in minimizing reliance on third-party water sources.</p>
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Sustainability Statement

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

2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

(b) Water Management (Cont'd)
(GRI 303: Water & Effluents)

Net Water Consumption

Net consumption per unit of output reached its highest point in FY2024 (see Chart 6), coinciding with the ARP operating at full capacity and a significant increase in output compared to the previous periods of FY2023 and FY2022 when the ARP was running at lower capacity. However, when indexed to the base year FY2019 (see Chart 7), the volume of fresh water drawn in FY2024 remains below that of FY2019. Likewise, the volume of treated water discharged is significantly lower than the base index, as much of it has been redirected to the ARP since FY2022.

At first glance, we appear to be falling short of our target for net consumption, which is set at below 400 litres per tonne. However, we believe that accounting for the volume of harvested rainwater discharged into public waterways could narrow this performance gap by at least 50 litres per tonne. Nonetheless, management is committed to closing this performance gap in the short to mid-term.

Chart 6 - Net Water Consumed per Output (Cubic Meter/Tonne)

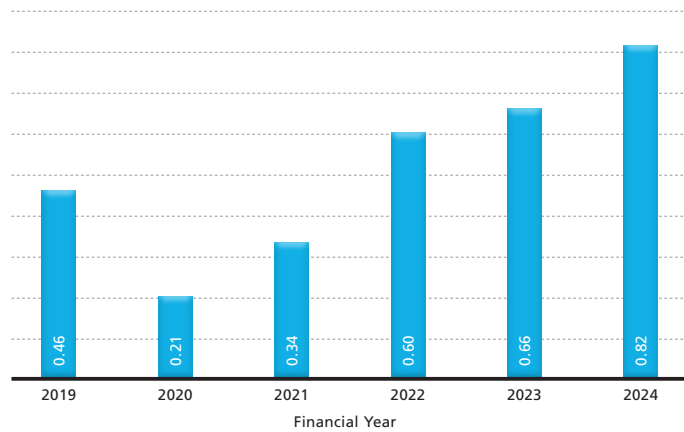
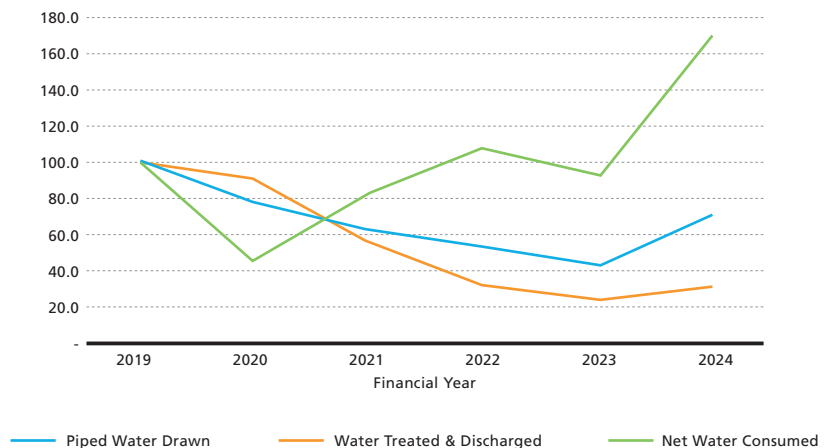


Chart 7 - Water Consumption Trend (Indexed 2019 Base Year)





Sustainability Statement

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

2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

<p>(c) Waste Management (GRI 306: Waste)</p>	<p>Waste management is a major concern for communities and local authorities in many of the places where the Group operates. 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.</p> <p>Table 1 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 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.</p> <p>Table 1</p> <table border="1"> <thead> <tr> <th></th> <th>Waste By Type</th> <th>Disposal Method</th> <th>FY2021 Tonne</th> <th>FY2022 Tonne</th> <th>FY2023 Tonne</th> <th>FY2024 Tonne</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>Steel Scrap</td> <td>Licensed 3rd Party, Recycle</td> <td>11,373</td> <td>8,554</td> <td>7,129</td> <td>12,827</td> </tr> <tr> <td>(b)</td> <td>Scheduled Waste</td> <td>Licensed 3rd Party, Professional Disposal (DoE License Facilities)</td> <td>4,673</td> <td>1,969</td> <td>645</td> <td>1,446</td> </tr> <tr> <td>(c)</td> <td>Scheduled Waste</td> <td>Licensed Own Reuse, Recycle</td> <td>1,732</td> <td>216</td> <td>163</td> <td>511</td> </tr> <tr> <td>(d)</td> <td>Segregated Waste (Box, Paper, Plastic, Aluminium)</td> <td>Licensed 3rd Party, Recycle</td> <td>8</td> <td>11</td> <td>61</td> <td>10</td> </tr> <tr> <td>(e)</td> <td>General Waste</td> <td>Refuse Collection (Sanitary Landfill)</td> <td>209</td> <td>206</td> <td>186</td> <td>175</td> </tr> <tr> <td></td> <td></td> <td>TOTAL</td> <td>17,995</td> <td>10,956</td> <td>8,184</td> <td>14,969</td> </tr> </tbody> </table> <p>Through our ongoing improvement programs aimed at maximizing waste diversion for recycling, we have achieved a consistent decline in the volume of waste sent to landfill (see Table 1).</p>		Waste By Type	Disposal Method	FY2021 Tonne	FY2022 Tonne	FY2023 Tonne	FY2024 Tonne	(a)	Steel Scrap	Licensed 3rd Party, Recycle	11,373	8,554	7,129	12,827	(b)	Scheduled Waste	Licensed 3rd Party, Professional Disposal (DoE License Facilities)	4,673	1,969	645	1,446	(c)	Scheduled Waste	Licensed Own Reuse, Recycle	1,732	216	163	511	(d)	Segregated Waste (Box, Paper, Plastic, Aluminium)	Licensed 3rd Party, Recycle	8	11	61	10	(e)	General Waste	Refuse Collection (Sanitary Landfill)	209	206	186	175			TOTAL	17,995	10,956	8,184	14,969
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Sustainability Statement

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

2.0 ENVIRONMENTAL STEWARDSHIP (CONT'D)

<p>(c) Waste Management (Cont'd) (GRI 306: Waste)</p>	<p>The increase in total waste per unit output for the current period, which stands at 67.21 kg/tonne compared to 55.57 kg/tonne in the previous period (see Chart 8), can be attributed to a higher steel scrap rate of 5.8% (up from 4.8% in the prior period) resulting from a different product mix. The generated steel scrap is sold to recyclers, contributing to the circular steel economy.</p> <p>Chart 8 - Total Waste to Output (Kg/Tonne)</p> <table border="1"> <caption>Chart 8 - Total Waste to Output (Kg/Tonne)</caption> <thead> <tr> <th>Financial Year</th> <th>Total Waste to Output (Kg/Tonne)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>68.94</td> </tr> <tr> <td>2022</td> <td>57.99</td> </tr> <tr> <td>2023</td> <td>55.57</td> </tr> <tr> <td>2024</td> <td>67.21</td> </tr> </tbody> </table>	Financial Year	Total Waste to Output (Kg/Tonne)	2021	68.94	2022	57.99	2023	55.57	2024	67.21
Financial Year	Total Waste to Output (Kg/Tonne)										
2021	68.94										
2022	57.99										
2023	55.57										
2024	67.21										

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.

<p>(a) Freedom of Association & Collective Bargaining (GRI 407: Freedom of Association and Collective Bargaining)</p>	<p>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 12% 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.</p>
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Sustainability Statement

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

3.0 PEOPLE (CONT'D)

(b) Labour Composition & Movement (GRI 401: Employment; GRI 402: Labor/Management Relations; GRI 408: Child Labor; and GRI 409: Forced or Compulsory Labor)

We unequivocally oppose any form of ‘forced or child labour’ within our workforce. Many of our employees are local citizens, with a 20.7% inclusion of foreign workers (see Chart 9). 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.

Our employees, including migrant workers, are not restricted in their ability to change jobs or join competitors after fulfilling their contractual notice periods. We do not engage in indentureship, and interns are free to leave after providing notice. Chart 10 illustrates the Group’s workforce movement over the years.

Chart 9

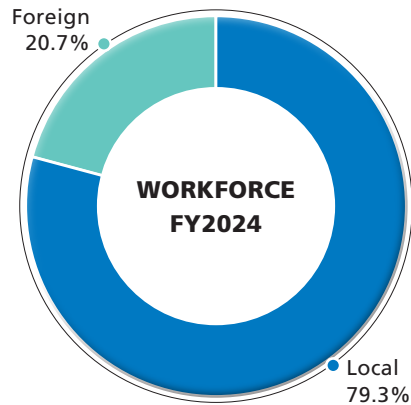
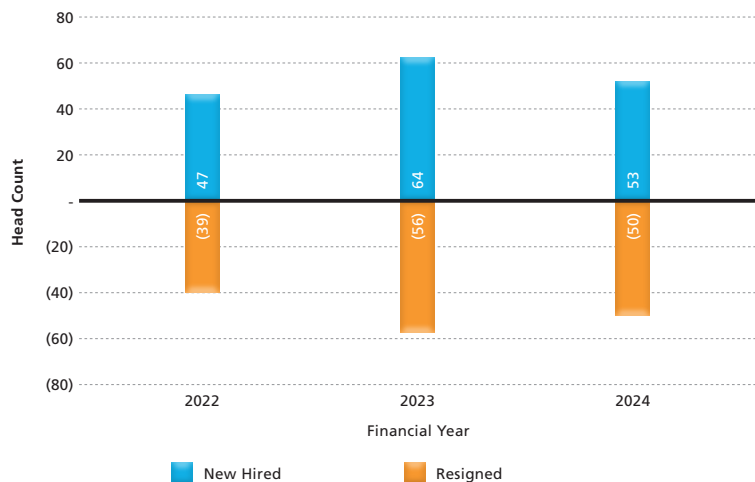


Chart 10 - Workforce Movement





Sustainability Statement

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

3.0 PEOPLE (CONT'D)

(c) Diversity & Non-Discrimination (GRI 405: Diversity & Equal Opportunity & GRI 406: Non-Discrimination)

It is our policy not to discriminate because of age, gender, race, religion, disability, marital status, family status, sexual orientation, or any other personal characteristics. 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 different nationalities (see Chart 11). 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 11

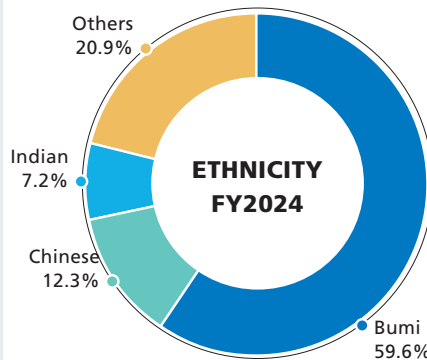
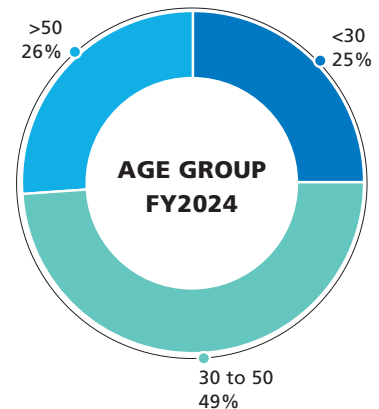


Chart 12



The Group takes great pride in attaining a notable 35% representation of women within the management and executive category (refer Chart 13). Understandably, female representation is lower in the 'non-executive' category, primarily occupied by factory positions (refer Chart 14). Besides this, there is currently 1 woman on the Board, who make up 17% of the membership, reflecting the Company's commitment to gender diversity not only within its Board of Directors but at all levels throughout the Group (refer Chart 15).

Chart 13

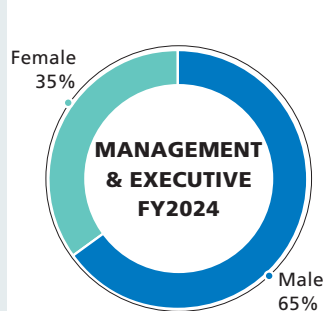


Chart 14

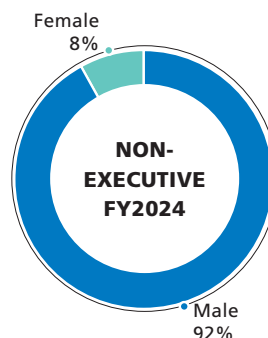
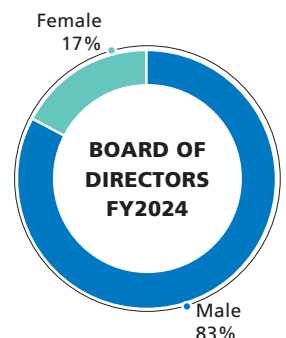


Chart 15





Sustainability Statement

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

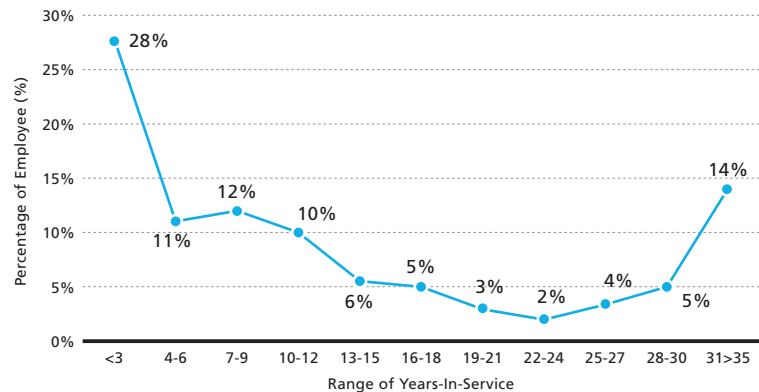
3.0 PEOPLE (CONT'D)

(c) Diversity & Non-Discrimination (Cont'd)
(GRI 405: Diversity & Equal Opportunity & GRI 406: Non-Discrimination)

Our compensation structure follows a job classification and pay scale framework aligned with market standards. Annual performance evaluations, based on a transparent merit-based scoring system, are conducted to manage career progression. At the lower end of the pay scale, our compensation exceeds the regulatory minimum wage, while at the higher end, it is reviewed and approved by the Nomination and Remuneration Committee. The male-to-female pay ratio is nearly equal at the executive level and below. However, a gender pay gap emerges at the management level due to factors such as job scope, experience, and qualifications.

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 16 below.

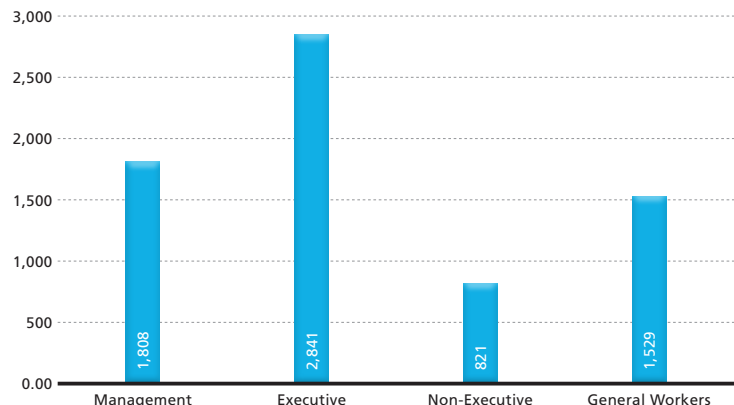
Chart 16 - Workforce Years-in-Service FY2024



(d) Training & Development (GRI 404: Training & Education)

We are deeply committed to human resource development to foster personal growth and upskilling. During the current financial year, we provided 6,999 hours of training to 663 employees, averaging 16.37 hours of training per employee. The breakdown of total training hours by employee category is presented in Chart 17, reflecting a combination of individual selections and supervisor-assigned trainings.

Chart 17 - Total Training Hours by Employee Category FY2024





Sustainability Statement

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

3.0 PEOPLE (CONT'D)

<p>(e) Anti-Corruption (GRI 205: Anti-corruption)</p>	<p>The Group upholds core values of integrity, fairness, and accountability. It enforces strict compliance with the Malaysian Anti-Corruption Act as well as various capital market rules and guidelines on conduct and conflicts of interest. All employees have completed training in these areas, with refresher courses provided every two to three years. Senior personnel and individuals in risk-exposed roles are encouraged to sign annual pledges to uphold compliance, with 100% participation in these voluntary commitments. Additionally, all new suppliers are informed in writing of the Group's anti-corruption policies and are provided a direct channel to report any misconduct to our senior independent director.</p>	<p>Anti-Corruption Pledge</p> <p>We do not offer, accept, solicit, or pay a bribe, in any form or of any value, to any person including to get business or secure any advantage in connection with our business and we never ask a third party to do so on our behalf.</p>
<p>(f) Occupational Health & Safety (GRI 403: Occupational Health and Safety)</p>	<p>Our primary aim is to maintain a safe and healthy workplace for all employees. Although our steel value-added manufacturing activities involve significantly fewer risks compared to upstream steel mills, workplace accidents continue to occur despite the comprehensive safety controls and protocols we have established over the years. These safety measures are carefully documented in our work procedures and instructions. Our steel segment has a dedicated Safety, Environment, and Health Committee responsible for overseeing health and safety matters at their respective sites, as detailed in the Group's Health & Safety (H&S) Management Framework in Illustration 5.</p> <p>Illustration 5</p> <p>The diagram illustrates the Occupation Health & Safety Management Framework. It starts with 'H&S Identification & Controls' (Human, Methods, Mechanic & Tools, Environment), leading to 'Guard-Rails' (Safe-work Procedures, Detail Work Instructions, Response Protocol), then to 'Continuous' (Education & Awareness, Communication, Improvement, Measure), and finally to 'Triggering Events' (Alert & Response, Investigation, Correct & Prevent). Leadership is provided by the Safety Environment & Health Committee, and participation involves H&S Personnel, Workers, Trainers, and H&S Service Providers.</p>	



Sustainability Statement

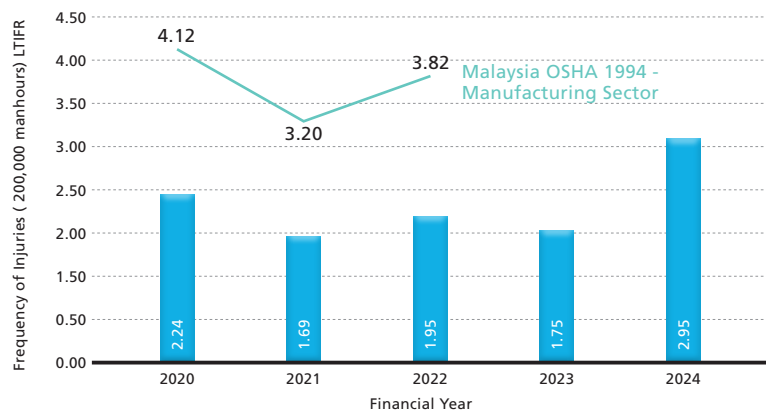
C) MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONT'D)

3.0 PEOPLE (CONT'D)

(f) Occupational Health & Safety (Cont'd)
(GRI 403: Occupational Health and Safety)

Our key performance metric, the 'Lost Time Injury Frequency Rate' (LTIFR) per 200,000 manhours, remains significantly below the national average set by the Occupational Safety & Health Administration (OSHA) for the manufacturing sector, as shown in Chart 18.

Chart 18 - Lost Time Injury Frequency Rate (LTIFR)



We regret to report that our LTIFR for FY2024 increased to 2.95 cases per 200,000 manhours (a total of 19 cases), marking the highest rate in the past five years. Six of these incidents led to the Department of Occupational Safety and Health (DOSH) issuing negative findings against our steel-related subsidiaries. Most of the cases involved non-critical injuries, with recovery periods ranging from 3 to 89 days. The Group has not experienced any fatalities or disability-related injuries since its inception.

Root cause investigations have identified human error and procedural gaps, despite our extensive training, incentive programs, and investments in health and safety improvements. To reverse this trend, we are enhancing our hazard identification, risk assessment, and risk control (HIRARC) processes and increasing engagement with factory workers. Additionally, we plan to recalibrate our steel manufacturing facilities' health and safety management systems to meet ISO 45001 standards, aiming for certification within the next 12 to 24 months.

During the current financial year, we conducted a range of health and safety orientation and refresher training programs for all factory workers. We also organized several H&S-specific trainings, such as fire drills, hazardous materials (HAZMAT) handling, emergency response, first aid, and stress management, along with on-site health programs including audiometric tests and health screenings, which were available to all staff.

In addition to comprehensive accident and health insurance coverage, all employees have convenient, on-demand access to healthcare through our network of over 30 clinics and hospitals, with the option to visit non-panel providers during off-hours. We generally do not access personal health information shared between medical practitioners and patients unless necessary for the safety of the individual or others. In such cases, personal health information remains confidential and is never used to influence treatment, either positively or negatively.



Sustainability Statement

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

3.0 PEOPLE (CONT'D)

(g) Customer Health and Safety - Product Responsibility (GRI 416: Customer Health and Safety)

Product safety & quality

As a food provider and processor, we are committed to delivering nutritious, high-quality products while ensuring public safety. Our food operation places a strong emphasis on accountability, enforcing strict quality controls, and promoting food safety to meet regulatory standards and provide value to our customers. Additionally, all imported product suppliers are required to meet rigorous standards by obtaining internationally recognized food safety certifications.

To align with global food safety and quality standards, we plan to adopt the Hazard Analysis and Critical Control Point (HACCP) certification for food processing within the next 12 to 24 months.

We are also dedicated to fostering a culture of employee competency. It is essential that our employees possess comprehensive knowledge of the processes and practices related to food safety and quality management controls. Therefore, we tend to invest in training programs on topics such as HACCP, food handling and safety, and to name a few.

During the financial year under review, none of our products were recalled for health or safety reasons, and no incidents of non-compliance regarding product health and safety impacts were reported.

Halal certification

To ensure safe consumption and peace of mind for all consumers, we subject our products and processes to halal certification, adhering to strict hygiene, quality, and safety standards from sourcing to distribution. All our products are halal certified and comply with the requirements of Malaysia Standard (MS1500:2019) and the Halal Certification Manual from the Department of Islamic Development Malaysia (JAKIM).

Customer satisfaction

The Group recognizes the vital importance of customer satisfaction and loyalty in achieving long-term success. We are committed to continuously enhancing customer satisfaction by actively considering feedback and maintaining high-quality standards across all our products and services.

Understanding that customers are our key partners in innovation, we highly value their feedback as a source of ideas to drive future improvements. To remain competitive, we engage with customers through multiple channels, including in-person meetings, email, and our website, to improve their overall experience.

In the current financial year, we received no negative feedback from our customers.



Sustainability Statement

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

4.0 SOCIAL & COMMUNITY (GRI 413: Local Communities)

We strongly believe in building meaningful connections with the societies and communities in which we operate, fostering mutually beneficial relationships that contribute to long-term sustainability. Our influence extends beyond our operational boundaries, as we depend on these communities for our workforce and access to a wide range 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.

Our general strategy involves establishing rapport with local community leaders, association heads, local councils, and similar organizations to gain a better understanding of local developments, vulnerable groups, their needs, and their grievances. This enables us to more effectively assess and prioritize our social and environmental responses to the communities.

For the current period, we carried out fifteen (15) social engagement activities that involved local communities, vulnerable groups, and underfunded welfare organizations (such as orphanages, elderly care homes, and centers for individuals with down syndrome), expending RM74,176 in the process which directly benefited around 2,185 recipients.



Sustainability Statement

STATEMENT OF ASSURANCE

APPENDIX I

ASSURANCE UNDERTAKEN

In strengthening the credibility of the Sustainability Statement Financial for Melewar Industrial Group Berhad for the current financial year ended 30 June 2024, selected aspects or part of the Sustainability Statement has been subjected to the following:

- a) an internal review by the Group's internal auditors (Crowe Governance Sdn Bhd ("Crowe")); and
- b) independent assurance in accordance with recognised assurance standards for selected indicators

and has been approved by the Board of Directors and Risk & Sustainability Committee on 22 October 2024.

The scope, sustainability matters, sustainability indicators and relevant conclusions are provided below:

Type of Assurance	Sustainability Matter	Sustainability Indicator	Scope	Conclusion
Internal review by Crowe	Anti-Corruption	(a) Percentage of employees who have received training on anti-corruption by employee category	<ul style="list-style-type: none"> • Melewar Industrial Group Berhad (MIGB) • 3Bumi Oleo Sdn Bhd (3BO) • 3Bumi Trading Sdn Bhd (3BT) • Ausgard Quick Assembly Systems Sdn Bhd (Ausgard) • Jack Nathan Limited (JNL) • Melewar Steel Mills Sdn Bhd (MSM) • Mycron Steel Berhad (MSB) • Mycron Steel CRC Sdn Bhd (CRC) • Melewar Steel Tube Sdn Bhd (MST) • Silver Victory Sdn Bhd (SV) 	No significant control weaknesses.
		(b) Percentage of operations assessed for corruption-related risks		
		(c) Percentage of employees who have attended refresher on a timely basis		
Internal review by Crowe	Anti-Corruption	(d) Percentage of directors and employees pledged commitment to anti-corruption	<ul style="list-style-type: none"> • Melewar Industrial Group Berhad (MIGB) • 3Bumi Oleo Sdn Bhd (3BO) • 3Bumi Trading Sdn Bhd (3BT) • Ausgard Quick Assembly Systems Sdn Bhd (Ausgard) • Jack Nathan Limited (JNL) • Melewar Steel Mills Sdn Bhd (MSM) • Mycron Steel Berhad (MSB) • Mycron Steel CRC Sdn Bhd (CRC) • Melewar Steel Tube Sdn Bhd (MST) • Silver Victory Sdn Bhd (SV) 	No significant control weaknesses.
		(b) Percentage of operations assessed for corruption-related risks		
		(c) Percentage of employees who have attended refresher on a timely basis		
Internal review by Crowe	Energy Management	Total energy consumption	<ul style="list-style-type: none"> • MST • CRC 	No significant control weaknesses but there was room for improvement.
		(a) Total hours of training by employee category		
		(b) Percentage of employees that are contractors or temporary staff		
Internal review by Crowe	Labour Practices & Standards	(c) Total number of employee turnover by employee category	<ul style="list-style-type: none"> • MIGB • 3BO • 3BT • Ausgard • JNL • MSM • MSB • CRC • MST • SV 	No significant control weaknesses.
		(d) Percentage of workforce that are foreign workers		



Sustainability Statement

STATEMENT OF ASSURANCE (CONT'D)

ASSURANCE UNDERTAKEN (CONT'D)

The scope, sustainability matters, sustainability indicators and relevant conclusions are provided below: (Cont'd)

Type of Assurance	Sustainability Matter	Sustainability Indicator	Scope	Conclusion
Internal review by Crowe (Cont'd)	Supply Chain Management	Proportion of spending on local suppliers	<ul style="list-style-type: none"> MST CRC 	No significant control weaknesses but there was room for improvement.
	Data Privacy	Number of substantiated complaints concerning breaches of customer privacy & losses of customer data	MIGB Group	No significant control weaknesses but there was room for improvement.
	Waste Management	(a) Total waste generated (b) Total waste diverted from disposal (c) Total waste directed to disposal	<ul style="list-style-type: none"> MST CRC 	No significant control weaknesses but there was room for improvement.
	Emissions Management	(a) Scope 1 emissions in tonnes of CO ₂ e (b) Scope 2 emissions in tonnes of CO ₂ e	<ul style="list-style-type: none"> MST CRC 	No significant control weaknesses but there was room for improvement.
Independent assurance by University Technology Malaysia's Process System Engineering Centre	Emissions Management	(a) Scope 1 emissions in tonnes of CO ₂ e (b) Scope 2 emissions in tonnes of CO ₂ e	<ul style="list-style-type: none"> MST CRC 	The emissions data was fairly presented. The data was calculated in a consistent and transparent manner and was found to be reasonably fair and accurate representation of the actual usage.

Note:

Any indicators with minor shortcomings identified during the interim review have been addressed and corrected before the final determination at the close of the current financial year, as reflected in this report.



Sustainability Statement

SUSTAINABILITY PERFORMANCE REPORT

APPENDIX II

This is a fixed format report on key performance metrics on Common Sustainability Matters as prescribed by Bursa Malaysia under Practice Note 9 on Enhanced Sustainability Reporting.

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	16.44	16.17	16.52
Executive	Percentage	14.81	15.26	16.29
Non-executive	Percentage	68.75	68.56	67.19
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Percentage of signed pledge by senior personnel & position exposed to such risk	Percentage	80.00	100.00	100.00
Percentage of attended refresher every 2-3 years	Percentage	0	100.00	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	47,220.00	62,640.70	74,176.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	540.00	695.00	2,185.00
Number of complaints received relating to community	Number	0	0	0
Number of confirmed & outstanding issues	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	0	0.23	0.45
Management Between 30-50	Percentage	9.72	9.57	8.60
Management Above 50	Percentage	6.71	6.38	7.47
Executive Under 30	Percentage	4.17	3.87	4.53
Executive Between 30-50	Percentage	7.64	8.20	8.82
Executive Above 50	Percentage	3.01	3.19	2.94
Non-executive Under 30	Percentage	19.68	21.87	19.68
Non-executive Between 30-50	Percentage	34.26	31.21	31.45
Non-executive Above 50	Percentage	14.81	15.48	16.06
Gender Group by Employee Category				
Management Male	Percentage	9.14	8.78	8.95
Management Female	Percentage	4.10	3.94	3.86
Executive Male	Percentage	7.09	7.17	7.54
Executive Female	Percentage	4.85	4.84	5.09
Non-executive Male	Percentage	67.91	68.10	68.77
Non-executive Female	Percentage	6.91	7.17	5.79
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	83.00	83.00	83.00
Female	Percentage	17.00	17.00	17.00
Under 30	Percentage	0	0	0
Between 30-50	Percentage	0	0	0
Above 50	Percentage	100.00	100.00	100.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	75,665.69	56,445.25	90,785.25
Net energy consumption per tonne output (mega-joules/tonne)	Megajoules/Tonne	1,442.00	1,380.00	1,467.00
Percentage of renewable energy over total energy consumption	Percentage	4.92	8.56	5.26
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.95	1.75	2.95
Bursa C5(c) Number of employees trained on health and safety standards	Number	293.00	315.00	324.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	1,043.00	1,656.00	1,808.00
Executive	Hours	1,690.00	2,276.00	2,841.00
Non-executive/Technical Staff	Hours	1,892.00	1,539.00	2,350.00
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	22.01	24.01	25.61
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	5.00	8.00	8.00
Executive	Number	5.00	5.00	8.00
Non-executive/Technical Staff	Number	8.00	6.00	7.00
General Workers	Number	21.00	37.00	27.00



Sustainability Statement

SUSTAINABILITY PERFORMANCE REPORT (CONT'D)

Indicator	Measurement Unit	2022	2023	2024
Bursa (Labour practices and standards)				
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Percentage of workforce that are foreign workers	Percentage	18.84	20.79	20.70
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	74.54	82.39	84.27
Percentage of suppliers that are subjected to social and environmental impact assessment/review (applies only to key suppliers with total transaction value > RM500k per year)	Percentage	73.33	80.00	93.33
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	113.57	97.51	181.85
Net water consumption per tonne output	Cubic meters/Tonne	0.60	0.66	0.82
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	10,956.00	8,184.00	14,969.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	10,717.00	7,868.00	14,581.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	239.00	316.00	388.00
Percentage of waste disposal to refuse or landfills over total waste generated	Percentage	1.88	2.27	1.17
Total waste generated per tonne of output (KG/Tonne)	Kilograms/Tonne	57.99	55.57	67.21
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	9,183.00	6,737.00	11,166.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	12,634.00	9,010.00	14,508.00
Scope 1 & Scope 2 emissions of CO2 per tonne of output (KG/Tonne)	Kilograms/Tonne	115.00	107.00	115.00

Internal assurance External assurance No assurance (*) Restated



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*
- ▶ **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*

SECRETARY

Kenneth Goh Kwan Weng
(CCM PC No. 202408000226)
(BC/G/88)

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 : kwgoh@crestcorp.com.my
: prabu@crestcorp.com.my

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

15th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Telephone No.: 03-6250 6000
Telefax No. : 03-6257 1555

SOLICITORS

Cheang & Ariff
Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur
Telephone No.: 03-2691 0803
Telefax No. : 03-2691 4475

Arief & Iskandar
A1-02-05, Arcoris Mont Kiara
No. 10, Jalan Kiara
50480 Kuala Lumpur
Telephone No.: 03-6419 2913
Telefax No. : 03-6419 2914

AUDITORS

Messrs KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
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 22 October 2024

