



MYCRON STEEL BERHAD

Reg. No.: 200301020399 (622819-D)

2021

ANNUAL REPORT

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CHAIRMAN'S STATEMENT

TUNKU DATO' YAACOB KHYRA

Executive Chairman



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



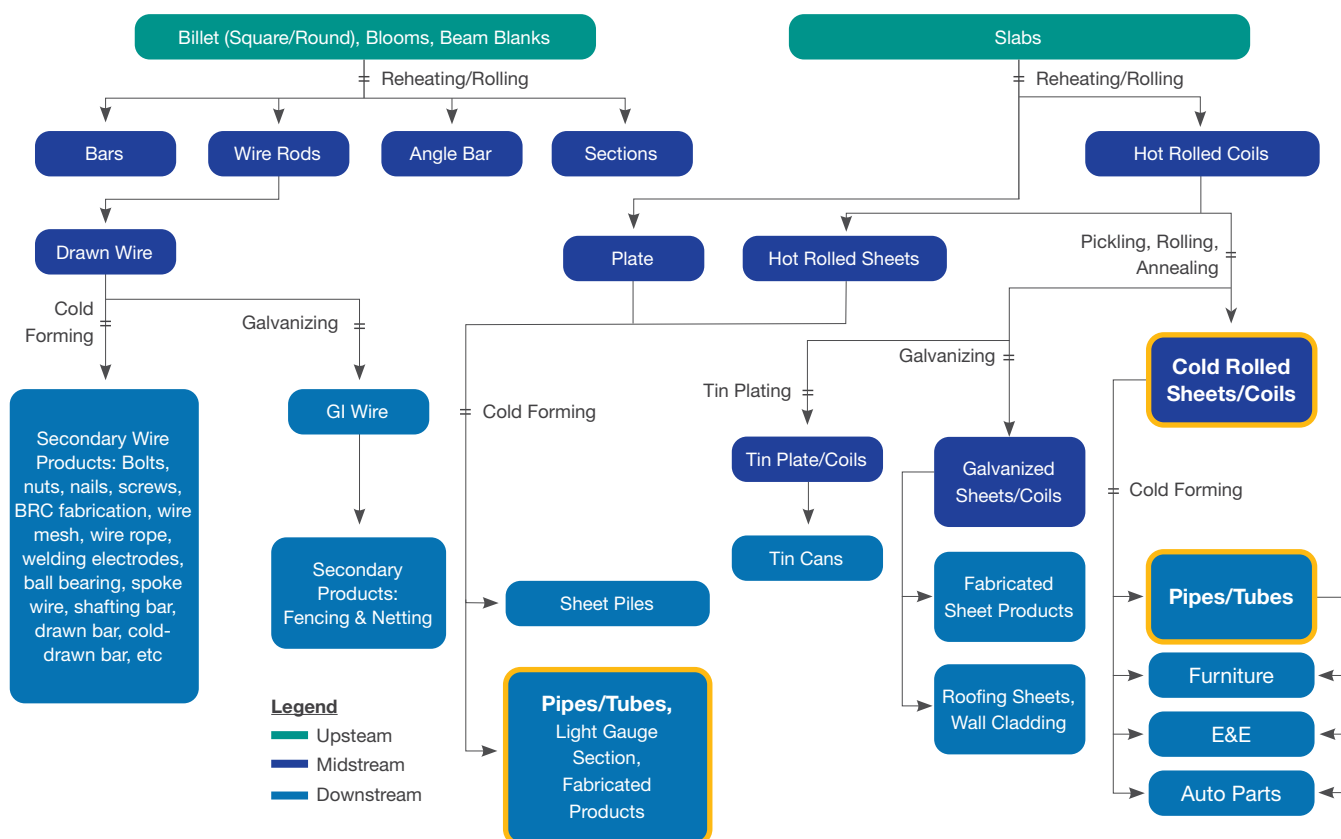
CHAIRMAN'S STATEMENT (CONTINUED)

BUSINESS AND OPERATIONS

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

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

Exhibit 1: Malaysian Iron and Steel Industry Overview



(Source: Malaysian Iron and Steel Industry Federation)

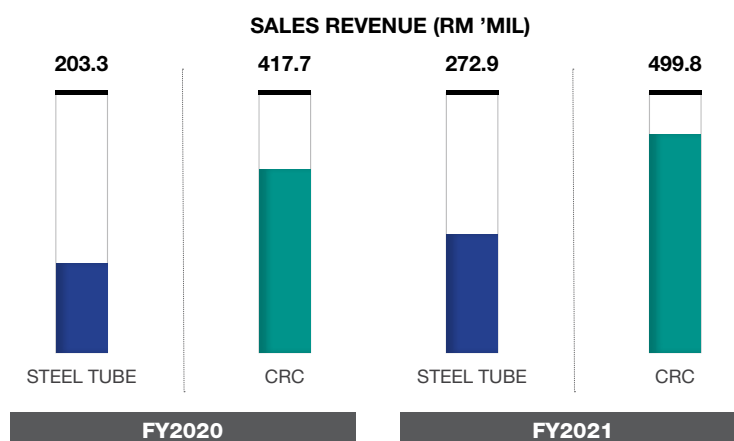
FINANCIAL PERFORMANCE

The COVID-19 pandemic has continued to domineer our lives throughout the first half of 2021, which carried a significant impact on the Group's operations during the preceding financial year (FY2020). Despite the climate of uncertainty, the turnaround in the Group's performance over the past year (FY2021) has proven steadfast and exceptional.

For the year under review, the Group performed strongly, with a total revenue of RM736.7 million compared to a total of RM596.1 million in the previous year, representing an increase of RM140.6 million or 23.6%.

The increase in revenue was due to higher sales volume and higher average unit selling price for both the CRC and Steel Tube divisions.

Exhibit 2: Sales Revenue by Division



CHAIRMAN'S STATEMENT (CONTINUED)

For FY2021, the Group's total steel sales tonnage increased by 18% to 267,218 tonnes (FY2020: 226,471 tonnes).

Of this amount, CRC sales tonnage increased by 17% to 180,792 tonnes (FY2020: 154,348 tonnes) whilst Steel Tube sales tonnage increased by 20% to 86,426 tonnes (FY2020: 72,123 tonnes).

DIVIDENDS

Despite the profitable performance for the year under review, the cash flow position of the Group is still considered to be tight, especially given the current record-high global HRC prices, which utilises a great amount of working capital. Moreover, banking facilities continue to be limited. The Directors, therefore, do not recommend the payment of any dividend for the financial year ended June 30, 2021.

COVID-19 ECONOMIC ENVIRONMENT

The COVID-19 pandemic has caused the largest economic shock the global economy has witnessed in decades. Governments and societies, including those of Malaysia have been grappling between economic and public health priorities.

Historically, the steel industry has been highly cyclical. The industry is significantly affected by economic conditions as well as fluctuations in global production capacities, mainly due to the cyclical nature of the construction, machinery, equipment, transportation, and manufacturing industries, which are core consumers of steel products. The COVID-19 pandemic caused an unprecedented, sharp decline in economic activities and steel consumption during the first half of 2020. Malaysia was not spared, and the effect of this fallout significantly impacted the Group's performance during the first nine months of 2020, due to mandatory nationwide lockdowns.

While the Group's performance was significantly affected during the first half of 2020, underlying domestic steel demand rebounded strongly throughout the second half of 2020. The strong economic recovery is reflected in the Group's financial results.

The first half of 2021 was a race between our national vaccination progress and the spread of new COVID-19 variants. The sharp resurgence of COVID-19 cases, hospitalisations, and deaths from the month of April 2021 onwards, weighed on Malaysia's healthcare system and economic recovery. Due to the rapidly increasing number of cases and hospitalisations, the government of Malaysia imposed a full mandatory nationwide lockdown on the 1st of June, 2021. The measure significantly affected the final month of FY2021 as the Group was not allowed to operate.

Thankfully, the national vaccination programme picked up in the month of June 2021, showing an affirmative progress in the following months. We are optimistic that the rapid vaccination campaign would lead to the ease of restrictions and expedite economic recovery. However, the risk remains high at areas where cases and deaths are still on the rise.

Through this backdrop filled with numerous disruptions and risks, the Group's employees have shown resilience in ensuring the Group is able to achieve a turnaround in performance despite difficult circumstances.

CRC OPERATIONS REVIEW

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

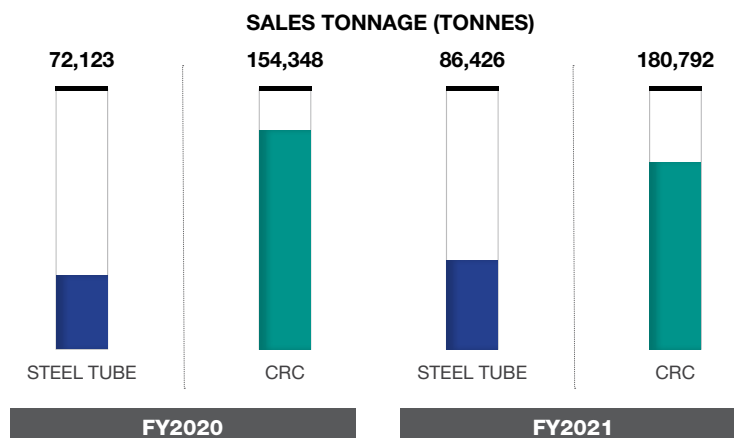
Exhibit 4: CRC Division Performance by Quarter

Total Capacity: 260,000 t/y

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

* Inclusive of tolling tonnage

Exhibit 3: Sales Tonnage by Division



CHAIRMAN'S STATEMENT (CONTINUED)

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

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

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

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

DOMESTIC CRC INDUSTRY STRUCTURE

Hot Rolled Coil ("HRC") steel sheets are the basic raw material used in the production of Cold Rolled Coils ("CRC") steel sheets. CRC manufacturers, in general, produce two types of CRC, namely:

1. Scrap Based CRC (produced from Scrap Based HRC), and
2. Iron Ore Based CRC (produced from Iron Ore Based HRC).

Scrap Based CRC is regarded as inferior in metallurgical quality as it contains impurities derived from the scrap used to manufacture the Scrap Based HRC. Manufactured from lower quality HRC, Scrap Based CRC is typically used by downstream customers, mainly in the Steel Tube and Furniture sectors, which do not require high quality CRC.

Conversely, due to its higher quality, the Iron Ore Based CRC is used by a different group of customers, primarily involved in the production of Steel Drums for the palm oil and petroleum sectors, in the production of Colour Coated and Galvanised CRC (usually for the manufacture of roof sheet), in the production of Electrical Appliances mostly comprising of white goods such as washing machines, refrigerators, microwaves ovens and rice cookers, and also in the production of components and parts for the automotive industry.

Historically, all HRC and CRC Steel Manufacturers in Malaysia were Malaysian owned. However, the mills have been either shutdown or taken over by foreign owned steel mills over the years, the latest being YKGI Holdings Berhad's disposal of its coated coil business to NS Bluescope Sdn Bhd in 2019 due to sustained losses caused by years of battling cheap imported flat steel products.

Mycron is one of the few fully operational Malaysian-owned and managed flat steel mills in the nation. As a forerunner in the industry, Mycron is proud to be part of the nation's journey and goal in achieving a fully-developed nation status. Thankfully, the government is gradually recognising the contribution of the Malaysian Steel Industry and is working towards safeguarding local steel mills such as Mycron against unfair trade. To play its part in this measure, Mycron continues to engage with the Government to push for immediate actions in order to protect and ensure the sustainability of the steel industry.

Exhibit 5: CRC Industry Statistics by Calendar Year

CRC Industry Statistics	Total Capacity (t/y)	CRC Production (t/y)				2020 CRC Capacity	
		2017	2018	2019	2020	Utilised (%)	Unutilised (t/y)
CSC Steel Holdings Bhd	480,000	275,800	325,000	347,700	325,000	67.7%	155,000
Mycron Steel Bhd	260,000	175,630	180,210	164,835	150,633	57.9%	109,367
YKGI Holdings Bhd	-	46,340	54,000	-	-	-	-
NS BlueScope Malaysia Sdn Bhd	200,000	-	-	2,500	2,400	1.2%	197,600
Eonmetall Group Bhd	120,000	30,000	30,000	30,000	30,000	25.0%	90,000
Sub-Total	1,060,000	527,770	589,210	545,035	508,033	47.9%	551,967
Megasteel Sdn Bhd	1,450,000	-	-	-	-	-	1,450,000
Total	2,510,000	527,770	589,210	545,035	508,033	20.2%	2,001,967
Capacity Utilisation							
Excluding Megasteel		49.8%	55.6%	51.4%	47.9%		
Including Megasteel		21.0%	23.5%	21.7%	20.2%		

* Data represented above are approximate and sourced from respective CRC mills

CHAIRMAN'S STATEMENT (CONTINUED)

Exhibit 5 provides details of utilisation rates and total capacity for the domestic CRC industry. Over the past four years, Malaysian CRC producers have been facing substantial underutilisation of production capacity at 47.9%. Domestic CRC production decreased by 6.8% from 545,035 tonnes in 2019 to 508,033 tonnes in 2020.

From 2017 to 2019, the underutilised production capacity and lower production tonnage were predominantly due to substantial CRC imports. However, in 2020, the aforementioned scenarios were primarily influenced by Malaysia's government-imposed lockdowns.

Exhibit 6: Flat Steel Imports by Calendar Year – 5 years

Flat Steel Imports		tonnes/year					2020 Change
Class	Description	2016	2017	2018	2019	2020	
511	Cold Rolled Coil (CRC) Sheets & Strips	899,253	876,484	847,768	817,674	587,252	-28.18%
513	Others Cold Rolled Sheet & Strips (eg. Alloy)	225,630	199,114	208,498	111,004	36,996	-66.67%
		1,124,883	1,075,598	1,056,266	928,678	624,248	-32.78%
	y-o-y change		-4.38%	-1.80%	-12.08%	-32.78%	
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	113,162	115,606	202,547	80,630	65,497	-18.77%
611	Galvanized (Hot Dipped) Zinc Sheets	361,584	306,761	354,490	341,780	346,330	1.33%
612	Electro-Galvanized Iron (EGI) Sheets	50,162	52,124	51,206	51,655	74,213	43.67%
620	Tin Plated CRC Sheets	70,822	84,582	89,753	95,130	96,847	1.80%
692	Colour Coated CRC Sheets	37,405	19,897	35,939	56,345	57,424	1.91%
693	Other Metallic Coated CRC Sheets	33,955	50,526	48,035	58,300	60,990	4.61%
		667,090	629,496	781,970	683,840	701,301	2.55%
	Total CRC & CRC Related Products	1,791,973	1,705,094	1,838,236	1,612,518	1,325,549	-17.80%
519	CR Stainless Steel Sheets	119,060	93,695	99,048	141,448	113,132	-20.02%
	HRC & Related Products						
481	Hot Rolled Coil (Carbon Steel)	1,657,699	1,683,438	1,691,683	1,994,303	1,608,005	-19.37%
470	Plates	351,269	370,660	478,951	438,942	405,330	-7.66%
720	Welded Pipes & Tubes	366,095	551,514	313,037	140,409	112,141	-20.13%
		2,375,063	2,605,612	2,483,671	2,573,654	2,125,476	-17.41%
	Total CRC, Related Products & HRC	4,286,096	4,404,401	4,420,955	4,327,620	3,564,157	-17.64%
	y-o-y change		2.76%	0.38%	-2.11%	-17.64%	

(Source: Malaysian Iron and Steel Industry Federation)

Exhibit 6 shows the summary of imports of flat steel into Malaysia. Imports of Cold Rolled Coil (CRC) sheets and strips are 624,248 tonnes, while the combined imports of CRC and CRC Related Products are 1,325,549 tonnes. Worldwide economic lockdowns severely disrupted the steel supply chain. When global economic sectors reopened, the fear of supply shortages resulted in many steel producers hoarding material to prioritise domestic consumption over exportation.

To ensure a level-playing field for all domestic CRC producers, Mycron continues to lead the CRC industry in efforts to address dumped and subsidised steel imports that injure the domestic industry and the welfare of its workers and investors. Mycron will continue to engage relevant government ministries, agencies, and industry associations to address unscrupulous imports on the domestic steel industry and emphasise the need to safeguard the domestic steel industry.

CHAIRMAN'S STATEMENT (CONTINUED)

STEEL TUBE OPERATIONS REVIEW

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

Exhibit 7: Steel Tube Division Performance by Quarter

Total Capacity: 148,800 t/y

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

* Inclusive of tolling services

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

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

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

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

CHAIRMAN'S STATEMENT (CONTINUED)

DOMESTIC FLAT STEEL INDUSTRY SUMMARY

In 2020, Malaysia's overall flat steel consumption decreased to 4.9 million tonnes from 6.3 million tonnes in the previous year, a decrease of 22.0%. Exhibit 8 provides a breakdown of the domestic flat steel consumption for the past five years.

Exhibit 8: Domestic Flat Steel Consumption by Calendar Year – 5 years

Flat Steel Consumption		tonnes/year					2020 Change
Class	Description	2016	2017	2018	2019	2020	
511 & 513	Cold Rolled Coil (CRC) Sheets & Strips	1,710,067	1,527,122	1,565,569	1,405,757	1,097,217	-21.95%
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	106,383	107,860	185,141	61,951	18,630	-69.93%
611	Galvanized (Hot Dipped) Zinc Sheets	838,585	722,918	713,450	725,129	637,870	-12.03%
612	Electro-Galvanized Iron (EGI) Sheets	238,026	247,718	222,307	217,052	175,182	-19.29%
620	Tin Plated CRC Sheets	178,441	199,452	204,833	188,367	178,429	-5.28%
692	Colour Coated CRC Sheets	216,665	179,488	199,745	223,597	208,463	-6.77%
693	Other Metallic Coated CRC Sheets	29,131	42,354	46,809	53,208	54,203	1.87%
		1,607,231	1,499,790	1,572,285	1,469,304	1,272,777	-13.38%
Total CRC & CRC Related Products		3,317,298	3,026,912	3,137,854	2,875,061	2,369,994	-17.57%
519	CR Stainless Steel Sheets	155,036	236,848	100,894	180,560	20,387	-88.71%
	HRC & Related Products						
481	Hot Rolled Coil (Carbon Steel)	1,724,860	1,672,554	1,682,421	1,986,448	1,599,039	-19.50%
470	Plates	526,171	490,628	602,020	528,311	466,436	-11.71%
720	Welded Pipes & Tubes	949,458	969,214	935,225	730,250	460,523	-36.94%
		3,200,489	3,132,396	3,219,666	3,245,009	2,525,998	-22.16%
Total Domestic Flat Steel		6,672,823	6,396,156	6,458,414	6,300,630	4,916,379	-21.97%
y-o-y change			-4.15%	0.97%	-2.44%	-21.97%	

(Source: Malaysian Iron and Steel Industry Federation)

The domestic consumption of HRC decreased by 19.5% to 1.6 million tonnes while the consumption of Welded Pipes & Tubes decreased by 36.94% to 0.46 million tonnes. On the CRC front, domestic consumption decreased by 21.95% to 1.1 million tonnes from the previous year of 1.4 million tonnes. These decreases are attributed by slow market demand in the CRC and pipe sectors as a result of government-imposed lockdowns.

CHAIRMAN'S STATEMENT (CONTINUED)

Exhibit 9: Overall Movement of Flat Steel in Malaysia by Calendar Year

Malaysian Flat Steel 2020		Production (t/y)	Import (t/y)	Export (t/y)	Net Domestic Consumption		
Class	Description				2020 (t/y)	2019 (t/y)	Change
511 & 513	Cold Rolled Coil (CRC) Sheets & Strips	508,033	624,248	35,064	1,097,217	1,405,757	-21.95%
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	0	65,497	46,867	18,630	61,951	-69.93%
611	Galvanized (Hot Dipped) Zinc Sheets	299,583	346,330	8,043	637,870	725,129	-12.03%
612	Electro-Galvanized Iron (EGI) Sheets	130,000	74,213	29,031	175,182	217,052	-19.29%
620	Tin Plated Sheets	119,335	96,847	37,753	178,429	188,367	-5.28%
692	Colour Coated Sheets	166,405	57,424	15,366	208,463	223,597	-6.77%
693	Other Metallic Coated Sheets	0	60,990	6,787	54,203	53,208	1.87%
		715,323	701,301	143,847	1,272,777	1,469,304	-13.38%
Total CRC & CRC Related Products		1,223,356	1,325,549	178,911	2,369,994	2,875,061	-17.57%
519	CR Stainless Steel Sheets	109,451	113,132	202,196	20,387	180,560	-88.71%
	HRC & Related Products						
481	Hot Rolled Coil (HRC) Sheets	0	1,608,005	8,966	1,599,039	1,986,448	-19.50%
470	Plates	122,000	405,330	60,894	466,436	528,311	-11.71%
720	Welded Pipes & Tubes	554,776	112,141	206,394	460,523	730,250	-36.94%
		676,776	2,125,476	276,254	2,525,998	3,245,009	-22.16%
Total CRC, Related Products & HRC		2,009,583	3,564,157	657,361	4,916,379	6,300,630	-21.97%

(Source: Malaysian Iron and Steel Industry Federation)

Exhibit 9 provides a summary of the overall movement of flat steel in Malaysia for the calendar year 2020.

It is worth noting that for CRC, of the 1.1 million tonnes consumed in 2020, 0.62 million tonnes were imported CRC compared to only 0.51 million tonnes which was manufactured in Malaysia. Although this seems to be an indication of improvement, Malaysian CRC manufacturers continue to operate at only half capacity utilisation. There is enormous opportunity for domestic CRC producers to supply the demand for domestic consumption, and should be given priority.

GLOBAL AND DOMESTIC FLAT STEEL REVIEW

Despite the impact of COVID-19 on steel demand, the flat steel industry was highly volatile during 2020 and 2021.

A string of events stemming from the COVID-19 outbreak evolving into a pandemic during early 2020, followed by various industries preparing for shutdowns, weakening demand, capacity cuts, and focus on inventory depletion, led to steel price lows, especially HRC and CRC. The lows were during the months of May to June 2020 where HRC prices ranged between USD410 and USD440 per tonne.

As lockdown measures eased, steel prices rebounded across most global markets at the start of July 2020. Steel activities across the globe gradually picked up, demand from various sectors strengthened, and inventories swiftly declined as economies reopened for business. The rebound, coupled with a strong increase in iron ore, coking coal, and various other commodities, supported a strong bounce in flat steel prices across the world.

By January 2021, HRC prices were hovering around USD700 per tonne. Global economic recovery had proven robust and HRC prices began to soar, recording high levels in March 2021 and the consecutive months.

Demand for flat steel rebounded more strongly than anticipated and at a more rapid pace than the supply available. Many steel mills that were shutdown during the onset of the pandemic, did not restart their blast furnaces quick enough. The disparity led to extended lead time and reduced deliveries, which eventually drove global HRC prices to record-highs in May 2021.

In China, the abolishment of the 13% export steel tax rebates announced by the Chinese government in May 2021 to discourage cheap Chinese steel exports, caused flat steel prices to strengthen further. This was the beginning of the normalisation of the global steel industry after a decade of cheap Chinese steel that spawned significant negative impact on the global steel industry.

CHAIRMAN'S STATEMENT (CONTINUED)

Overall, global HRC prices have doubled over the last 6 to 12 months. These record high prices for HRC have put pressure on the Group's cashflow, as HRC is the key raw material for both MCRC and MST.

HOT ROLLED COIL (HRC) SUPPLY

Hot Rolled Coil ("HRC") is the key raw material used by the Group, for both its CRC and Steel Tube business segments.

The COVID-19 pandemic had dramatically shifted the strategies and operations of HRC producers as they cut their steel output with the prediction that global steel consumption would remain sluggish in the remainder of 2020.

As economies reopened, the speed of rebound in steel demand caught many steel producers by surprise. Steel demand had rebounded faster than available supply. Demand pressure created long lead times especially for HRC. This supply-demand pressure drove HRC prices higher.

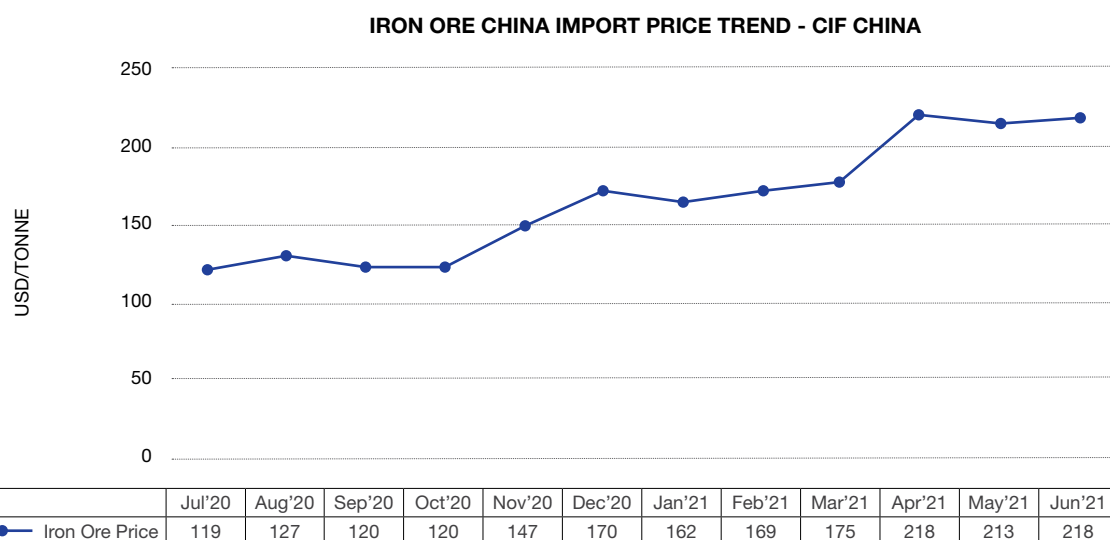
Tight supply, production outages, and iron ore price spikes caused HRC prices to be on a constant uptrend throughout the first half of 2021 (Refer to Exhibit 10 & 11). The crackdown on steel ore production (capacity cuts), pollution, and abolishment of export rebates by the Chinese government, were among other reasons for record-high HRC prices.

Exhibit 10: China HRC Export Price Trend (USD) – FY2021



(Source: Metal Bulletin)

Exhibit 11: Iron Ore China Import Price Trend (USD) – FY2021



(Source: Metal Bulletin)

CHAIRMAN'S STATEMENT (CONTINUED)

It is worth noting that during this period of global steel tightness, scarce supply, and global protectionism in the wake of the COVID-19 pandemic, the presence of domestic flat steel producers plays a crucial role in ensuring adequate and consistent supply of flat steel to the domestic downstream industry. Although the downstream industries may never admit it, there were many months throughout the past year that witnessed tremendous scarcity of steel supply in the international steel market, especially for flat steel products.

ELECTRICITY AND NATURAL GAS SUPPLY

Apart from HRC, which is the core raw material for the manufacture of CRC and steel tube, the industry is also a large consumer of electricity for its rolling plants and natural gas, which is primarily used to anneal CRC. In the past decade, domestic CRC producers have experienced substantial price hikes in these two inputs, which have contributed to significant margin squeeze.

Exhibit 12: Natural Gas Price Trend (MYR/mmbtu)

NATURAL GAS PRICE TREND (MYR/mmbtu)

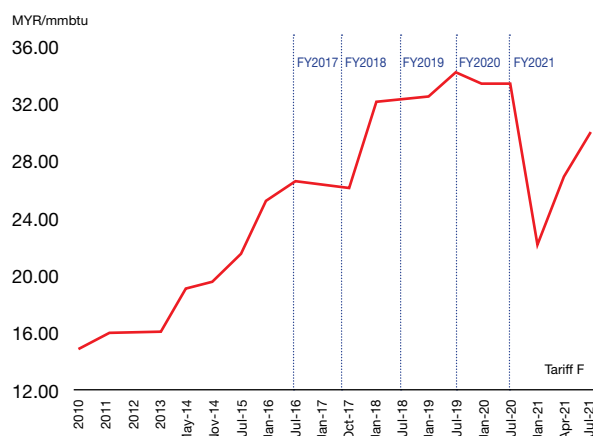
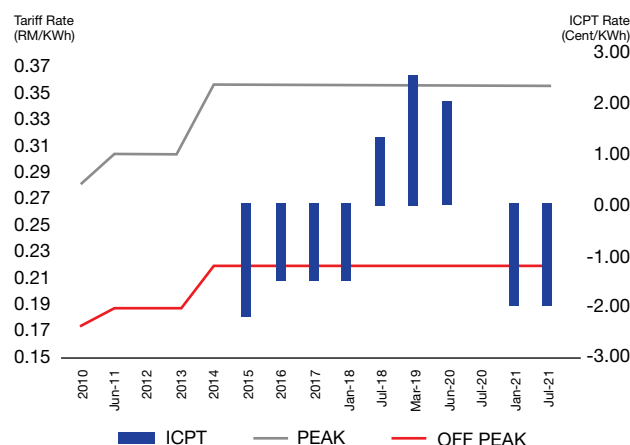


Exhibit 13: Electricity Price Trend (RM/KWh)

ELECTRICITY PRICE TREND (RM/kWh)



As announced by the Energy Commission of Malaysia, the initiative to liberalise the price of natural gas has been postponed. Thus, natural gas price will remain regulated until December 2021.

Aligned with its initiative to support the government's efforts to combat the negative impacts of the COVID-19 pandemic and to ensure business continuity, Gas Malaysia announced a price reduction in January 2021. The average natural gas selling price was revised to RM22.12/mmbtu for the first quarter 2021, which translates to a saving of RM11.33/mmbtu or 34% lower than the 2020 average price. However, the average selling price normalised again at RM30/mmbtu in July 2021.

In the similar vein, Tenaga Nasional Berhad (TNB) had also taken proactive action to waive the ICPT charges from July 2020 onwards, followed by the reduction of coal and gas costs respectively. TNB's announcement to extend the ICPT rebate of RM0.02 per kWh for first half of 2021 would translate to a total savings of approximately RM500,000 over a 12-month period, for the Group.

TECHNOLOGICAL ADVANCEMENT AND FUTURE INVESTMENT

As Mycron enters the 4th Industrial Revolution, both the Steel Tube and CRC operations are paving way to digitally transform their operations and adopt a "Lean Manufacturing" philosophy.

MST had completed various improvement projects such as the single-piece breakdown roll for its largest pipe mill replacing its former 3-piece design, an upgraded Pipe Mill Uncoiler Braking System, and a Piler PLC system.

MST had successfully upgraded its Galvanizing Plant furnace from a conventional design furnace, to a fuel-efficient furnace. The innovated furnace design no longer uses a heat circulation fan, which translates up to approximately RM100,000 savings per year in maintenance and downtime costs.

In further promoting sustainability, MST's new solar panel system on its factories rooftops, had been successfully installed and had been operating since March 2021. Under the nation's renewable Net Energy Metering (NEM) 2.0 Scheme, MST's utilisation of solar power totalling 0.83 MWp translates to RM135,000 in electricity cost savings per annum. At the same time, this solar system would reduce the division's carbon footprint by approximately 432 metric tonnes of CO₂ annually.

The completion of MST's Manufacturing Execution System (MES) was delayed due to the resurgence in COVID-19 cases and continuous lockdowns. The MES which aims to enhance lean manufacturing by eliminating waste, optimising processes, reducing costs, and improving innovation, is now expected to be fully integrated across all of MST's factories and plants by Q2 of FY2022.

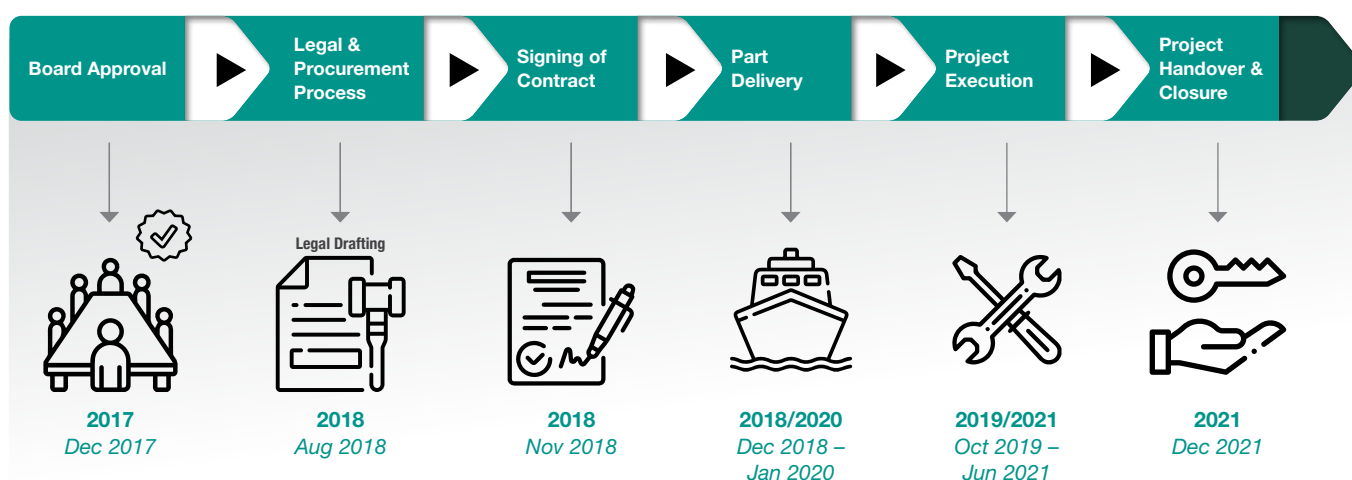
CHAIRMAN'S STATEMENT (CONTINUED)

To further maximise operational efficiency, MST has 15 projects lined up in FY2022 for the purpose of upgrading its production line machinery, equipment, and systems.

MCRC's investment in the state-of-the-art pickling and acid recovery technology aims to improve the overall conversion cost, expand into new market segments, and reduce environmental impact through a close loop acid-recycling system.

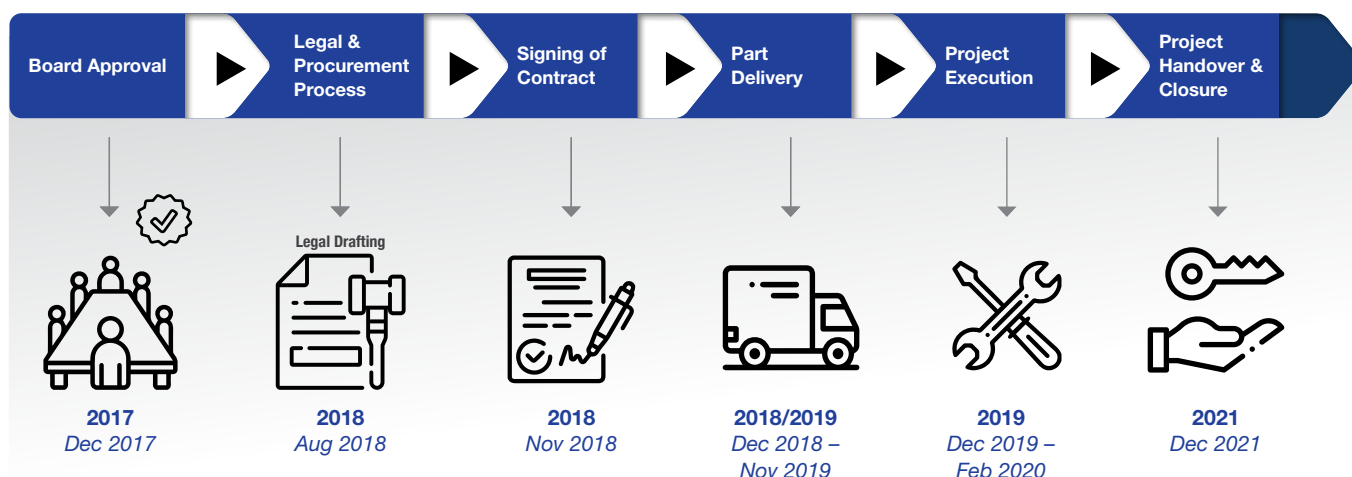
The delay in the Acid Regeneration Plant (ARP) project was attributed by the multiple phases of movement control orders, coupled with challenges in obtaining visa and permit approvals for the entry of technical professionals from SMS Group, Austria into Malaysia for the testing and commissioning phase. Nonetheless, the ARP was finally commissioned in July 2021 after an 18-month delay from its original schedule.

Exhibit 14: Roadmap for ARP Project



The erection and commissioning of MCRC's Continuous Picking Line (CPL) was completed with its first prime coil produced in February 2020. However, due to the severity of the COVID-19 pandemic and travel restrictions imposed, the project's handover phase was delayed. The project is pending the fulfilment of the acceptance certificate and performance guarantee, which is expected to be completed by end of Q2, FY2021.

Exhibit 15: Roadmap for CPL Revamping Project



LONG-TERM OUTLOOK

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

Historically, demand dynamics in China significantly affected the global steel business, mainly due to huge fluctuations in net steel exports and export price subsidies that resulted in worldwide anti-dumping action against Chinese steel. However, in 2021, the Chinese government shifted their policy and almost immediately began clamping down on pollution caused by overproduction of steel; aggressively reducing China's steelmaking capacity for the next 5 to 10 years.

CHAIRMAN'S STATEMENT (CONTINUED)

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

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

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

Operationally, in the areas where we pose control, the Group is committed to improving our operations, maximising our product quality, developing the talents of our employees, addressing the challenges of our customers, and providing them with a one-stop solution.

The Group is focused on value creation by developing and maintaining a cost competitive structure, centred on operational excellence. The Group remains committed to upholding our position as the industry leader, by striving to create sustainable competitive advantage, with a customer-centric focus, delivering high-quality products.

PROSPECTS FOR THE NEW FINANCIAL YEAR

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

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

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

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

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

Nevertheless, significant downside risks persist with domineering COVID-19 variants and challenges which the new normal could pose on growth, recovery, and impact on steel demand. Another risk worth noting would be the "China factor" which historically, has been known to throw surprises and induce volatility to regional steel supply-demand prices.

ANTI-CORRUPTION COMMITMENT

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

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

ACKNOWLEDGEMENT AND APPRECIATION

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

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

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

OVERVIEW

FYE 2021 has been a financial year of paradox. The Group had endured twelve months of economic contraction from the pandemic outbreak spilled over from the preceding financial year that culminated to another state-wide lockdown from 1 June 2021. Over this period, pandemic infection numbers climbed to the highest whilst consumer confidence dropped to its lowest. Despite the four weeks of shutdown losses (of RM2.5 million) pursuant to the FMCO (Full Movement Control Order) and higher PPE (Property, Plant & Equipment) impairment (at RM4.3 million) hitting its Income Statement, the Group posted a net profit of RM53.8 million in FYE 2021 (FYE 2020: net loss RM10.6 million); the highest in a decade. Topping that, the Group posted a net revaluation gain on PPE of RM8 million under 'other comprehensive income' to attain a total comprehensive income of RM61.8 million for FYE 2021. That is around 16% increased to shareholders' funds.

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

Super bull run on steel prices

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

Demand dynamics

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

Supply dynamics

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

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

Table 1		FYE 2021	FYE 2020
Profitability			
a	Operational Return on Average Capital Employed (EBIT/Ave Cap)	14.77	-0.31%
b	Return on Equity (Net Earnings/Ave Equity)	12.92	-2.70%
Liquidity			
c	Current Ratio (Current Asset/Current Liabilities)	1.72	1.43
d	Interest Cover Ratio (EBITDA/Net Interest Expense)	32.12	2.23
Capital			
e	Weighted Average Cost of Capital (Cost of Equity assumed at 9%)	7.76%	7.91%
f	Debt to Equity Ratio (includes all interest bearing debt)	0.2	0.26
Value			
g	Net Asset per Share (RM/share)	1.37	1.18
h	Enterprise Value to Total Comprehensive Income Ratio	2.96	-16.01

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONTINUED)

SEGMENTS' PERFORMANCE

For the current financial year, both the Steel Tube and CRC segments achieved sharp turnaround with record net profits on the back of higher revenue at 34% and 18% respectively compared to the preceding financial year. The Steel Tube segment's net profit at RM22.0 million outperformed the last four years and was just 4% lower than the last peak achieved in FYE 2017. The Steel Tube segment's net profit was driven by higher sales volume (up 23.4%) and better gross margins (up 57.5%) compared to the preceding financial year. The CRC segment's net profit at RM31.7 million is the highest achieved in the last ten years, exceeding the last peak attained in FYE 2016 by 84%. The CRC segment's net profit for FYE 2021 was largely driven by the normalisation of gross margins as opposed to sales volume (up 5.4%). By comparison, CRC segment's gross margin percentage is still lower than the Steel Tube segment. Both the segments' performances were affected by four weeks of mandatory FMCO shutdown which resulted in net loss of RM2.5 million to the Group (FYE 2020: Six weeks of shutdown with RM5 million in net loss).

Table 2	RM'million	Steel Tube		CRC	
		FYE 2021	FYE 2020	FYE 2021	FYE 2020
External Revenue		272.95	203.34	463.72	392.76
Net Profit/(Loss)		22.01	0.57	31.70	-11.26

The ensuing paragraphs discuss the segments' challenges.

Steel Tube Segment

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

Sales volume was generally stable over each financial quarter before dropping off in the final quarter due to the FMCO shutdown. Revenue however was on an increasing trend each financial quarter with rising selling-prices in tandem with raw material cost -as shown in Chart 1 (proxy prices) below. In comparison with the preceding financial year, sales volume (excluding tolling volume) was up 23.4% but revenue was higher at 34% and gross margins was up more than two-folds. Steel tube/pipes demand was particularly strong from the furniture manufacturers and fabricators in the current financial year.

Consequently, the Steel Tube subsidiary's EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) tripled the preceding period to hit RM36.3 million – just 4.6% shy of the last peak achieved in FYE 2017.

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

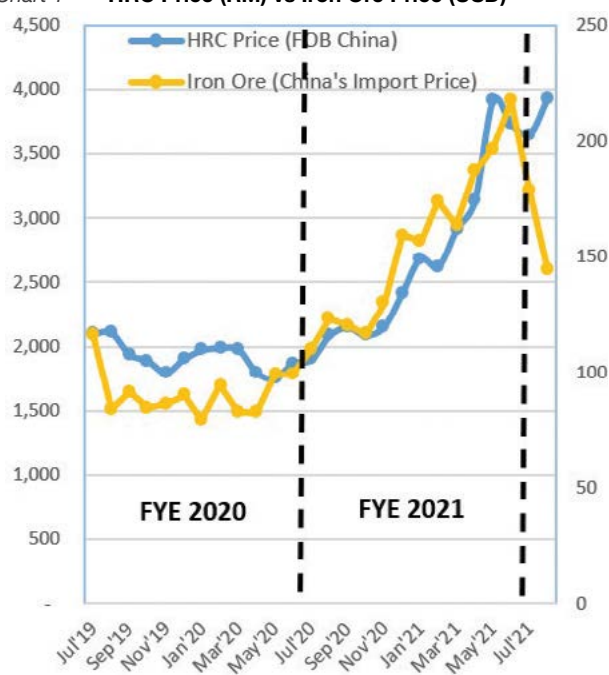
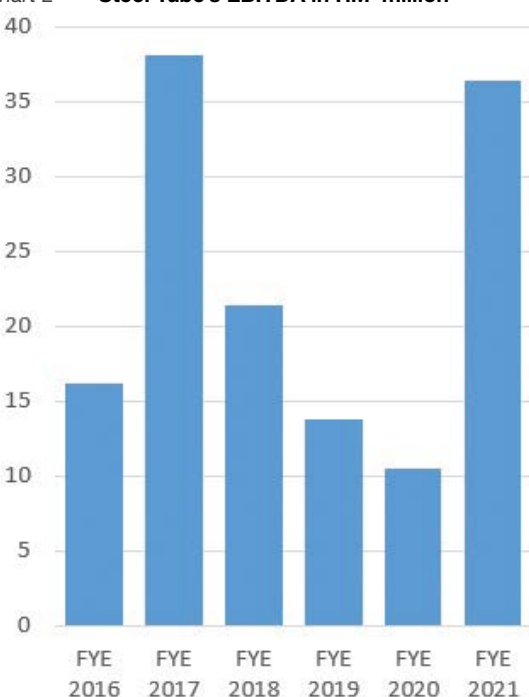


Chart 2 Steel Tube's EBITDA in RM' million



MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONTINUED)

Cold Rolled Segment

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

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

Despite the favourable conditions, the CRC subsidiary's sales volume (excluding tolling volume) only grew 5.4% in the current financial year due to production and sales interruption in the 1st financial quarter (due to an incident of major equipment failure) and again in the 4th financial quarter (due to FMCO shutdown for 4 weeks). Nevertheless, the CRC subsidiary was able to recoup losses through its insurance coverage on equipment breakdown, and through wider margin spread from sharp upward price trend (see Chart 3 on China's HRC and CRC prices as proxy). CRC demand was particularly strong from the furniture and pipe manufacturers in the current financial year.

Consequently, the CRC subsidiary achieved a record EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) of RM55.4 million for the current financial year – starkly 25% higher than the last peak achieved in FYE 2016.

Chart 3 HRC Price vs CRC Price (RM)

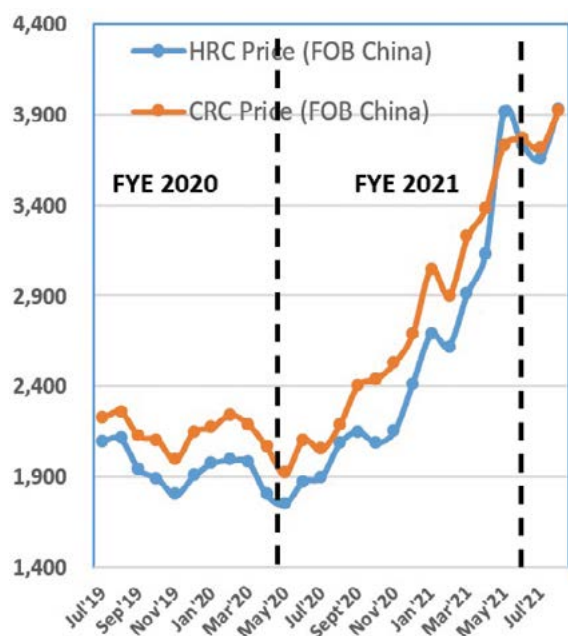
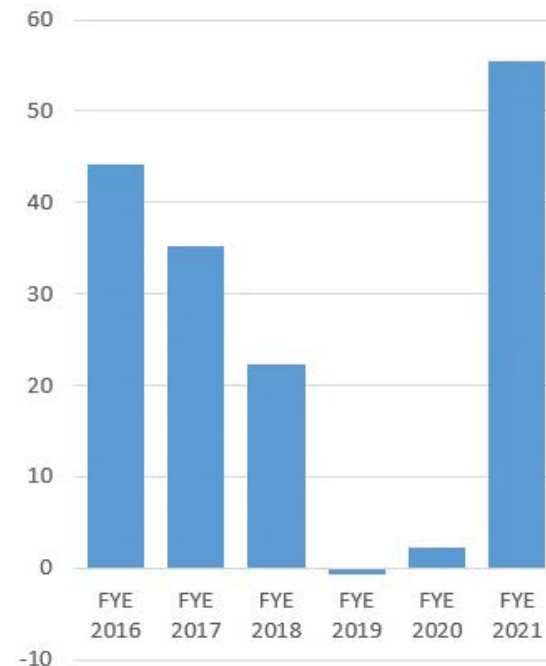


Chart 4 MCRC's EBITDA in RM' million



MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONTINUED)

As a result, the segment's performance ratios as outlined in Table 3 below (which are supplementary to the segment analyses disclosed in Note 32 of the financial statement) showed all around stronger performance for both the Steel Tube and CRC segments.

Table 3	Cold Rolled		Steel Tube	
	FYE 2021	FYE 2020	FYE 2021	FYE 2020
Segment's Revenue/Assets Employed (Ringgit on Ringgit)	0.99	0.94	1.03	0.95
Segment's Net Earnings/Assets Employed (Sens on Ringgit)	6.74	-2.71	8.34	0.27
Segment's Assets/Total Assets	64.0%	65.6%	35.9%	33.7%
Segment's Net Earnings/Total Earnings	58.9%	n.a.	40.9%	n.a.
Operational Return on Assets (EBIT/Average Assets)	9.1%	-2.4%	12.7%	2.5%

OUTLOOK AHEAD

The Group had a rough start into the new financial year with six weeks of FMCO/NRP Phase-1 lockdown until 16 August 2021 which resulted in losses. The pace of business resumption was slow as the Group and its nationwide-customers grappled to meet 'completed vaccination' numbers and the reopening-SOP. On the positive-side, the Group has healthy orders-on-hand (secured prior to the FMCO lockdown from 1 June 2021) to ram-up production and start fulfilling outstanding orders post business resumption. However, inflows of new orders are noticeably slower in the post-lockdown period due to various market factors and poor sentiments. The hope for a global recovery that will also uplift the domestic economy waned with the emergence of COVID Delta-variance outbreak globally. Topping that, the start of the new financial year was greeted with a sharp correction in iron-ore prices which dipped by more than 60% off its peak into September 2021. The slump is driven by China's steel production cut for a lower output target on construction steel as it works toward advancing climate goals and controlling commodity markets. Even-though, the sharp dip in iron-ore prices only translated to around 10 to 13% drop in HRC prices (owing to other production components' significantly elevated cost -such as on coking coal, energy, and transportation), it generally spooked the market. The recent crisis in China's property sector also adds to regional steel markets' volatility. Steel buyers' sentiment has turned cautious.

Nevertheless, there are some silver-linings. Foremost, the global steel-supply-chain is expected to remain tight due to a combination of existing factors: persistent pandemic curbs; climate-goal curbs; buoyant localised demand; lower export volume offerings; logistic bottlenecks; and elevated shipping cost. There will be significantly lesser steel exports from China as it has cut production and removed export rebates on steel in-conjunction with its effort to tame commodity prices and to ensure sufficiency to meet internal demands. As such, steel product prices and margins should remain supported with the tight supply, elevated production costs, and possibly upside demand once the global economy regains growth traction. Secondly, anti-dumping duties against imported CRC of alloy and non-alloy have been renewed in October 2021 for another five years into 2026. The refreshed national steel policies that are pro-domestic steel industry would likely be incorporated into its 12th Malaysia Plan 2021-2025. All these would translate to a more stable and protected domestic steel market in the near to mid-term. With 'unfairly priced undercutting imports' curtailed, domestic producers like our steel operations should be in a fair position to operate at economic capacities sans unfair margin squeeze, as seen in the current financial year. However, gross margins in the new financial year may likely be lower than the preceding period.

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

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

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

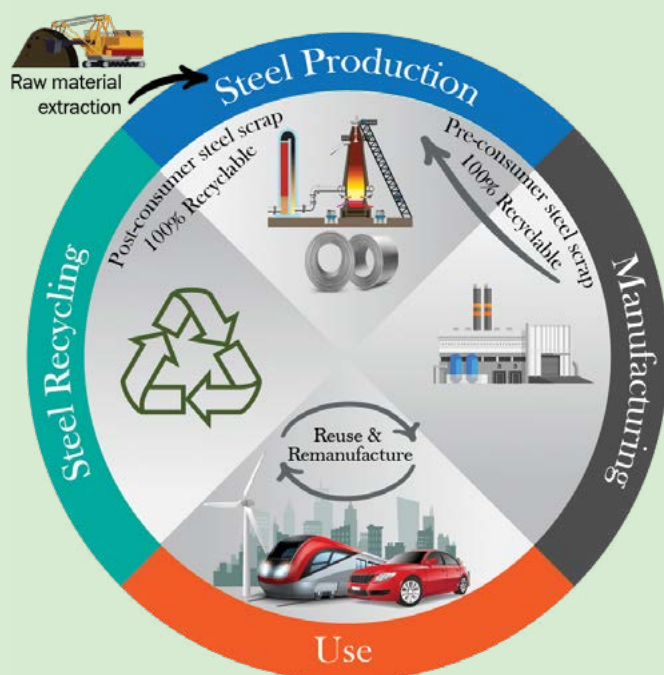
In the making of this Statement, the Group applied the principles and standard disclosures specified in the Sustainability Reporting Guide issued by Bursa Malaysia, and some guidance from the Global Reporting Initiatives (GRI) standards issued by the Global Sustainability Standards Board.

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

A. OVERVIEW

The Group's steel manufacturing operations in Cold Rolled Coils and Steel Tube are pioneers and market-leaders in Malaysia. The two segments have a combined operational age of 80 years and have sustained over numerous global crises and economic down-cycles in an industry generally regarded as 'difficult'. The steel units' resilience and perseverance can be attributed to their deeply rooted sustainability practises.

THE LIFE CYCLE OF STEEL



Steel is fundamental to sustaining a nation's development and quality of life due to its ubiquitous applications. Once created, it is a highly versatile and long-lasting material which can be recycled indefinitely. But its origination from iron-ore mining to raw steel production takes a toll on the environment. The World Steel Association reported that every tonne of steel produced in 2020 emitted an average 1.85 tons of carbon dioxide, equating to about 8% of global carbon dioxide emission. Nevertheless, up-stream's environmental cost is atoned by the broad economic benefits and recycling supported at the mid & down-stream value-added production with significantly lower carbon footprint.

As a mid-stream manufacturer of cold rolled coils and steel tubes, our carbon-footprint is comparatively small- estimated at averaging 0.084 and 0.038 tons of carbon dioxide per ton of respective output. We exercise corporate social responsibility to ensure our sourcing of raw materials are from reputable and sustainable suppliers. We encourage upstream suppliers to decarbonise, as we ourselves make the 'green' journey to reduce our carbon footprint.

SUSTAINABILITY STATEMENT (CONTINUED)

Our sustainability practices centre on identifying and managing sustainability issues and stakeholders' expectations throughout our internal value chain in meeting our corporate objectives– as summarised in Illustration 1 below.

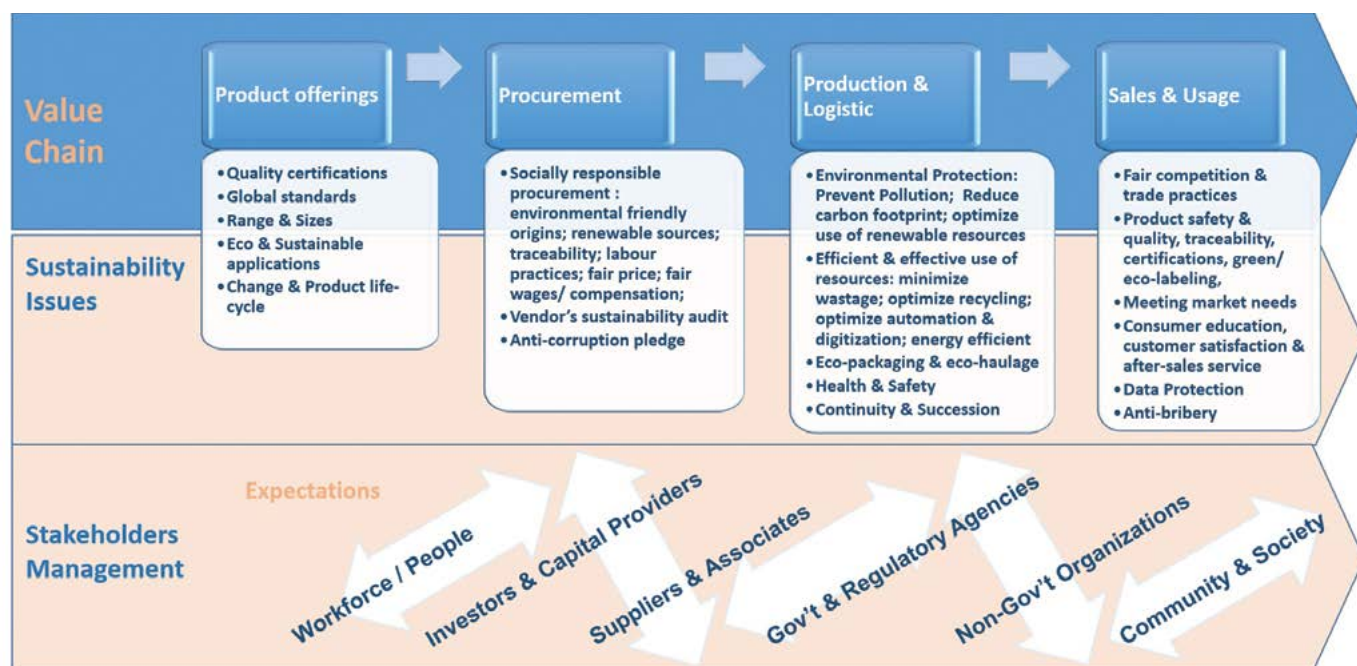


Illustration 1

B. GOVERNANCE STRUCTURE & ASSESSMENT FRAMEWORK

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

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

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

SUSTAINABILITY GOVERNANCE STRUCTURE HIGHLIGHTS

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

SUSTAINABILITY STATEMENT (CONTINUED)

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

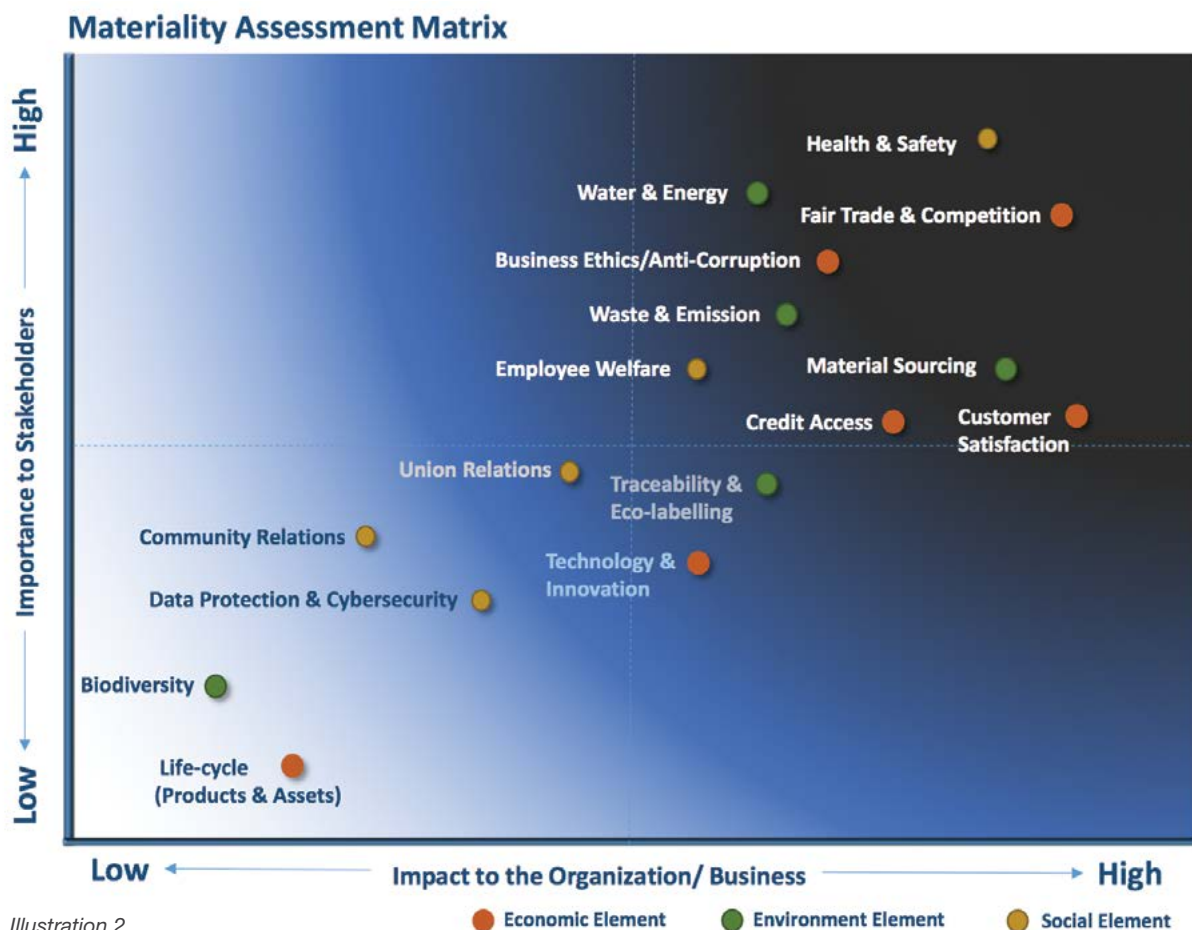


Illustration 2

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES

From the 'materiality assessment', we outlined below the major clusters of ESG sustainability matters contemporaneous to the Group for the current financial year.

1.0 PEOPLE

1.1 The Pandemic

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

a. Access to medical attention

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

SUSTAINABILITY STATEMENT (CONTINUED)

b. Preventive Measures

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

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

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



**Test screened for
COVID-19 100%
every month**



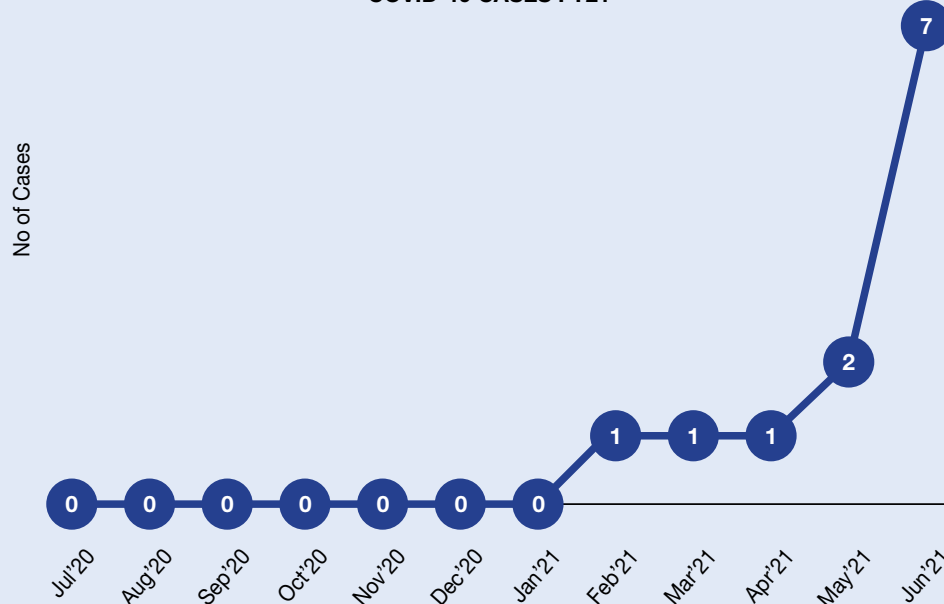
**Red-alert and
quarantine cases 42%**



**Infected cases 2.4% for
local workers; 0% for
foreign workers**

Chart 1

COVID-19 CASES FY21



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

SUSTAINABILITY STATEMENT (CONTINUED)

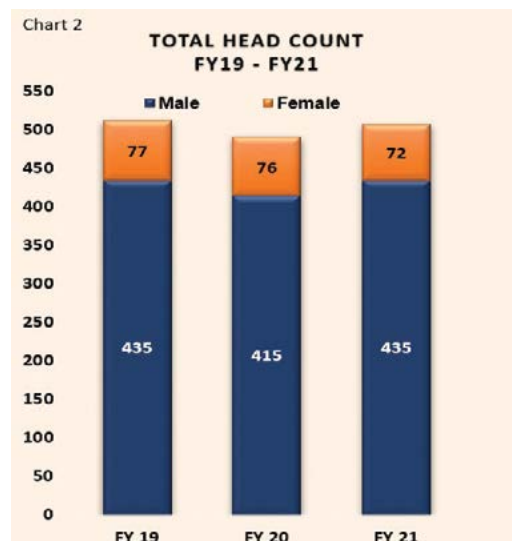
c. Equipped

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

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

d. Livelihood

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



e. Living Conditions

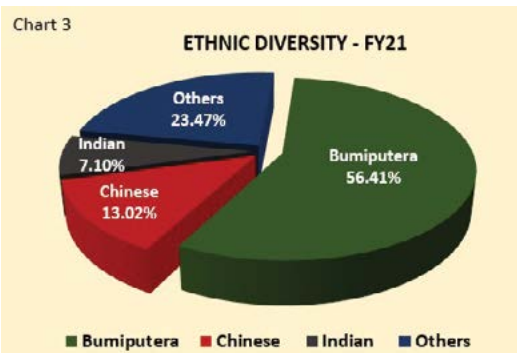
The proliferation of 'foreign-worker living quarters' COVID-19 clusters in the country have resulted in updates to the "Employees' Minimum Standards of Housing, Accommodations and Amenities Act" effective from 2021. We have since reviewed and made the necessary upgrades to the living arrangements for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

1.2 Other Commitments

Our commitment on 'people' assets encompasses many facets.

a. Diversity & Inclusion

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



SUSTAINABILITY STATEMENT
(CONTINUED)

b. Well-being

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

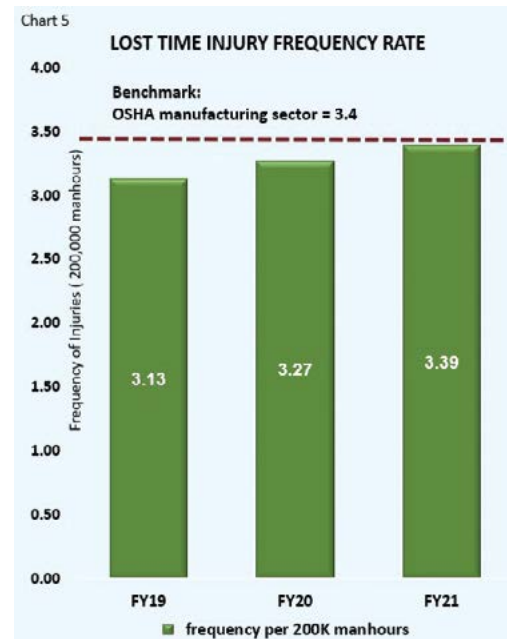
(i) Health & Safety

Occupational health & safety is a top priority for our factories. Health and safety features are embedded in our production-line & systems; work-flows; procedures & processes; and quality-systems. Our manufacturing operations are also regulated by the ‘Occupational Safety and Health Act’ and the ‘Factories and Machinery Act’, which combined covers wide ranging regulations over licensing, machinery upkeep, environmental management, and staff welfare. Our people work vigorously to comply with these, and each steel unit has established a H&S committee aided by designated officer to oversee initiatives, awareness & training, incidents management, and compliance. Despite all the safety measures, work-injuries may still occur due to lapses and complacencies. In that regard, ‘safety’ is regarded as a continuous improvement process. Over the current financial year, we continued to run safety awareness and incentive campaigns to drive improvements as the Group factories’ ‘lost time injury’ frequency rate (per 200,000 manhours) has crept up slightly over the last two years as shown in

Chart 5, possibly due to COVID-19 stress. Nevertheless, our ‘lost time injury’ frequency remains within the benchmark rate of 3.4 based on USA’s Occupational Safety & Health Administration (OSHA) statistic for the manufacturing sector. All incidents at our workplace are duly investigated, and corrective actions taken to prevent future recurrence.

(ii) Competitive Package & Labour Rights

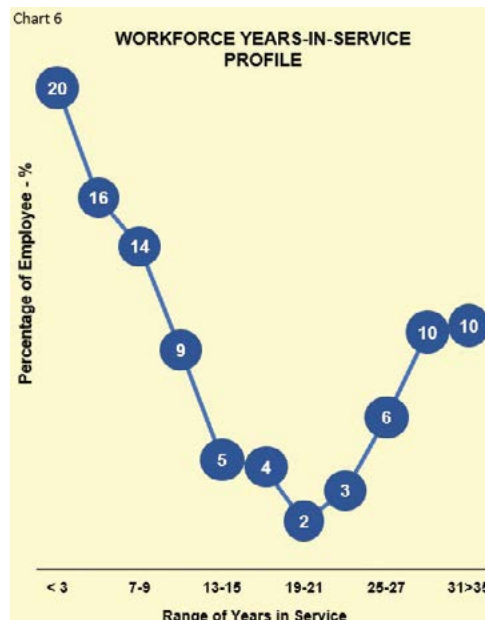
We aim to provide a competitive and commensurable remuneration package to our workforce in ways which is sustainable over the long run. In this regard, we look beyond monetary compensation and benefits (e.g. various allowances, cash incentives, and performance bonuses) to include non-monetary benefits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



SUSTAINABILITY STATEMENT (CONTINUED)

b. Well-being (continued)

Contrary to the belief that the pandemic has eased labour supply with the rise in unemployment, the opposite effect was seen in 'blue collar' jobs particularly for the manufacturing sector due to the prolonged border closure. Our non-executive workforce turnover-rate for FY2021 at 6.3% (FY2020: 9.4%) is significantly lower than the benchmark Malaysian Employers Federation's turnover rate for non-executives for the manufacturing sector at 15% in 2020. Around 75% of the Group's workforce has been with the organisation for 5 years and above - as summarised in Its workforce's "years-in-service" profile Chart 6.



(iii) Upskilling & Personal Development

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

c. Ethics & Compliance

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

2.0 ENVIRONMENT

Our environmental stewardship is driven by three principal policies:

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

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

a. Environment Laws & Regulations

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

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

SUSTAINABILITY STATEMENT (CONTINUED)

b. Resource Consumption & The Environment

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

Energy Management & Audit

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



Prime Run

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

Scrap Recovery

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

Galvanize Plant Upgrade & Zinc-Ash Recovery

The Group has recently invested RM2.3 million in upgrading the zinc galvanizing plant (for coated steel pipe production) with state-of-the-art environmental features in air filtration and energy efficiencies. The upgrade is also supplemented with a zinc recovery system from ash-waste by as much as 45% in weight.

Renewable Energy

With effect from March 2021, we have two plants started running on solar power totalling 3.1 MWp (Megawatt-peak) under the nation's renewable energy Net Energy Metering (NEM) 2.0 Scheme which allows for up to 75% of maximum electricity demand to be met by solar photovoltaic (PV) system. The installed solar PV solution in partnership with Engie France not only will reduce our carbon footprint by approximately 2,700 metric tonne of CO₂ annually but will also provide financial savings through 4% reduction on electric tariff and through export of solar power on non-operation days to the grid on a 1:1 offset basis. The new NEM3.0 is significantly less attractive compared to the superseded NEM2.0, and would likely encompass a different investment approach for our remaining two plants to go solar PV.

Acid Regeneration

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

SUSTAINABILITY STATEMENT (CONTINUED)

c. Value Chain & The Environment

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

Supply-Chain Certification

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

Eco-labelling & Green Certification

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



Going Digital

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

Recycling & Reuse

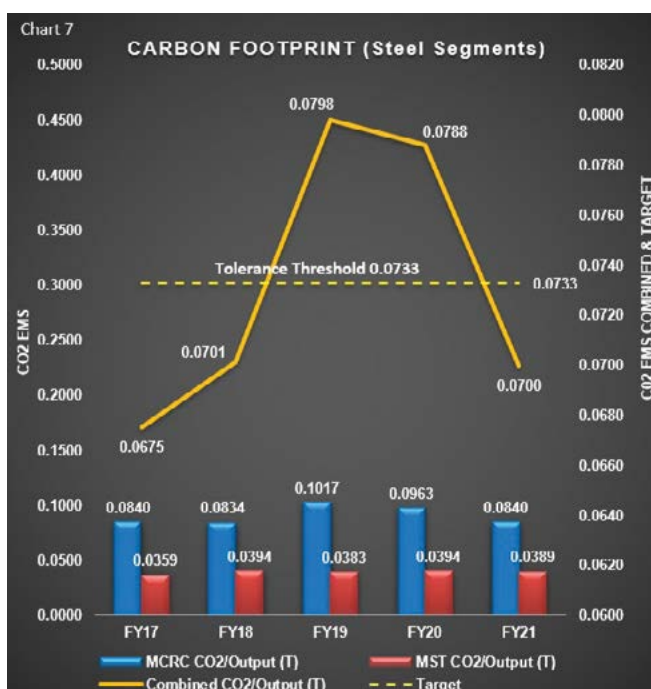
Aggregating waste for recycling helps slow landfills, reduce discharge, and improves sustainability. Our recycling effort extends beyond steel to include other manufacturing waste (e.g. zinc dross, zinc ash, spent-acid, water, & packing materials), office waste (e.g. paper & plastic) and electronic waste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

d. Carbon Footprint

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

To achieve our goal in seeking annual reduction to our carbon footprint, we invest in green & renewal energy; in recovery or decarbonised systems & processes; and in recycling systems.

From the initiatives and investments undertaken (as disclosed in this report), we achieved improvement with a 11% reduction on our carbon footprint in the current financial year as shown in the chart below. The Group's combined carbon-footprint at 0.07 tonnes/tonne output in the current financial year also met its objective to stay below self-set tolerance threshold of 0.0733 tonnes/tonne output.



SUSTAINABILITY STATEMENT (CONTINUED)

3.0 SOCIAL & COMMUNITY

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

a. Vicinity Impact Assessment

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

b. Training Ground

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

c. Giving

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

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

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

CORPORATE INFORMATION

DOMICILE

Malaysia

LEGAL FORM & PLACE OF INCORPORATION

A public listed company incorporated in Malaysia under the Companies Act 1965 and limited by shares

DIRECTORS

Tunku Dato' Yaacob Khyra
Executive Chairman

Roshan Mahendran bin Abdullah
Group Chief Executive Officer

Azlan bin Abdullah
Non-Independent Non-Executive Director

Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim
Independent Non-Executive Director

Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Independent Non-Executive Director

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

Kwo Shih Kang
Senior Independent Non-Executive Director

SECRETARY

Lily Yin Kam May

AUDIT AND GOVERNANCE COMMITTEE

Kwo Shih Kang
Chairman

Tan Sri Datuk Seri Razman Md Hashim
Member

Datin Seri Raihanah Begum binti Abdul Rahman
Member

REGISTRAR & TRANSFER OFFICE

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Lot 717 Jalan Sungai Rasau
Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan
Telephone No.: 03-5510 6608
Telefax No.: 03-5510 3720

SOLICITORS

Chooi & Company + Cheang & Ariff
Level 5, Menara BRDB
No. 285, Jalan Maarof
Bukit Bandaraya
59000 Kuala Lumpur
Telephone No.: 03-2055 3888
Telefax No.: 03-2055 3880

AUDITORS

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

PRINCIPAL BANKERS (IN ALPHABETICAL ORDER)

AmBank (M) Berhad
Bangkok Bank Berhad
CIMB Islamic Bank Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Number 5087

WEBSITE

www.mycronsteel.com

E-MAIL

enquiry@mycronsteel.com

QUALITY RECOGNITION

Mycron Steel Berhad, via its main operating segments, Mycron Steel CRC Sdn Bhd ("MCRC") and Melewar Steel Tube Sdn Bhd ("MST") constantly strives to improve operational excellence and meet customers' expectations.

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



SIRIM ISO 9001 : 2015

QUALITY RECOGNITION (CONTINUED)

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



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



QUALITY RECOGNITION (CONTINUED)

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

International Standards:



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



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



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



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



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



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



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



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

QUALITY RECOGNITION (CONTINUED)

Malaysian Standards:



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



MS 863 : 2010 for
Welded Steel Pipe



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



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



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

Other Certifications:



IRON AND STEEL PRODUCTS
• Cold Formed Welded
Structural Hollow Sections



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



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



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

PROFILE OF DIRECTORS

MALAYSIAN | AGED 61 | MALE

TUNKU DATO' YAACOB KHYRA

Executive Chairman



Tunku Dato' Yaacob Khyra was appointed to the Board of Directors of the Company on 30 March 2004 as a Non-Independent Non-Executive Director. Subsequently, he was redesignated to Non-Independent Non-Executive Chairman of the Company on 2 May 2008.

On 2 January 2015, Tunku Dato' Yaacob was redesignated to Executive Chairman of the Company. He is also a Director of Mycron Steel CRC Sdn Bhd. He currently holds the position of Executive Chairman of MAA Group Berhad ("MAAG") and Melewar Industrial Group Berhad ("MIG").

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

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

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

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

Tunku Dato' Yaacob is deemed interested in Mycron by virtue of him being a beneficiary of a trust known as KLB, being the holding company of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd, who are the major shareholders of MIG, a major shareholder of Mycron. His shareholdings in the Company is disclosed on page 45 of the Annual Report.

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

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

PROFILE OF DIRECTORS (CONTINUED)

MALAYSIAN | AGED 39 | MALE

ROSHAN MAHENDRAN BIN ABDULLAH

Group Chief Executive Officer



En Roshan Mahendran bin Abdullah was appointed to the Board of Directors of the Company on 18 September 2017 as a Non-Independent Executive Director. Subsequently, he was appointed as the Group Chief Executive Officer of the Company on 2 April 2018.

En Roshan completed his primary and secondary education in Terengganu and Selangor, Malaysia. En Roshan's tertiary education placed emphasis on maritime and he also obtained a professional certificate from the Australia Maritime Safety Authority. En Roshan also holds a Diploma of Applied Science from Australia Maritime College (University of Tasmania).

En Roshan started his career in 1999 as a Deck Cadet for NSSPL, American President Lines, sailing worldwide on container carriers. He was a 2nd Mate/DPO for Allied Marine Equipment Sdn Bhd from 2004 to 2006. In 2006, En Roshan was on the commissioning team for Offshore Subseaworks Sdn Bhd and subsequently served as 1st Officer/Senior DPO cum Project Manager. In 2009, En Roshan became the General Manager of Jas Marine Ltd and Jas Marine Sdn Bhd. During his tenure from 2004 until 2009, En Roshan held multiple senior positions both onshore and offshore in the Upstream Oil and Gas Sector covering Transport & Installation, Subsea Construction Inspection, Repair & Maintenance, as well as Deepwater Subsea Construction.

In July 2010, En Roshan joined Melewar Industrial Group Berhad as Vice President of Business Development and was re-designated in January 2011 to Vice President cum Deputy Head, Group Commercial Department of Mycron Steel CRC Sdn Bhd ("MCRC"). In May 2011, En Roshan became the Chief Operating Officer of MCRC and Business Development divisions respectively. Subsequently, he became the Group Chief Operating Officer of Mycron Steel Berhad in September 2016 and CEO of both MCRC and Melewar Steel Tube Sdn Bhd (MST). En Roshan is responsible for the operations of both MCRC and MST.

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

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

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

PROFILE OF DIRECTORS (CONTINUED)

MALAYSIAN | AGED 63 | MALE

AZLAN BIN ABDULLAH

Non-Independent Non-Executive Director



En Azlan bin Abdullah was appointed to the Board of Directors of the Company on 30 March 2004 as an Executive Director/Group Chief Executive Officer. On 2 April 2018, he was redesignated from Group Chief Executive Officer to Group Managing Director. Subsequently, on 11 August 2018 he was redesignated to Non-Independent Non-Executive Director of the Company.

En Azlan currently sits on the Boards of Melewar Industrial Group Berhad, MIDF Amanah Investment Bank Berhad, Langkawi Yacht City Berhad (formerly known as Langkawi Yacht Club Bhd) and several other private limited companies.

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

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

En Azlan has no family ties with any of the Directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 45 of the Annual Report.

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

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

PROFILE OF DIRECTORS (CONTINUED)

MALAYSIAN | AGED 82 | MALE

TAN SRI DATUK SERI RAZMAN MD HASHIM

Independent Non-Executive Director



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

Tan Sri Datuk Seri Razman Md Hashim was appointed to the Board of Directors of the Company on 1 October 2012 as an Independent Non-Executive Director. Tan Sri Datuk Seri Razman is the Chairman of the Nomination & Remuneration Committee and a Member of the Audit and Governance Committee of the Company. On 27 May 2021, Tan Sri Datuk Seri Razman was appointed as a member of the Risk & Sustainability Committee of the Company.

Tan Sri Datuk Seri Razman completed his early secondary education in Australia and on completion, studied Accounting and Banking where he became a member of the Australian Institute of Bankers.

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad ("SCB") as an Officer Trainee in 1964. Throughout his 34 years of banking experience in SCB, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as the Executive Director/Deputy Chief Executive of SCB until his retirement in June 1999.

In the same month in 1999, Tan Sri Datuk Seri Razman was appointed as Chairman of MBf Finance Berhad by Bank Negara Malaysia

("BNM") until January 2002 when the finance company was sold to Arab-Malaysian Group. In May 2002 he was appointed as an Independent Non-Executive Director of Affin Bank Berhad by BNM until his retirement in May 2009.

Tan Sri Datuk Seri Razman is currently the Executive Deputy Chairman of the Sunway Group of Companies and his current directorships in other public companies include Marine & General Berhad and Sunway Berhad.

Tan Sri Datuk Seri Razman is also a Director of ASLI Foundation and Jeffrey Cheah Foundation as well as the Alternate Director in Perdana Leadership Foundation.

Tan Sri Datuk Seri Razman has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Tan Sri Datuk Seri Razman does not have any personal interest in any business arrangements involving the Company.

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

PROFILE OF DIRECTORS (CONTINUED)

MALAYSIAN | AGED 66 | MALE

TENGGU DATUK SERI AHMAD SHAH IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH

Independent Non-Executive Director



• Member of the Nomination & Remuneration Committee

Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah was appointed to the Board of Directors of the Company on 2 January 2015 as an Independent Non-Executive Director. Tengku Datuk Seri Ahmad Shah is a Member of the Nomination & Remuneration Committee of the Company.

He currently sits on the Boards of DutaLand Berhad, Sime Darby Property Berhad, Tuju Setia Berhad and several other private limited companies involved in property development.

Tengku Datuk Seri Ahmad Shah completed his Diploma in Business Administration from Universiti Teknologi MARA in 1974. He started his career in Charles Bradburne (1930) Sdn Bhd as a stock broker from 1974 to 1981. He was a Director of TTDI Development Sdn Bhd from 1978 to 2000 and a Director of Sime UEP Berhad from 1983 to 1987 and Tractors Malaysia Holdings Berhad from 1987 to 2007.

Tengku Datuk Seri Ahmad Shah has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Tengku Datuk Seri Ahmad Shah does not have any personal interest in any business arrangements involving the Company.

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

PROFILE OF DIRECTORS (CONTINUED)

MALAYSIAN | AGED 59 | FEMALE

DATIN SERI RAIHANAH BEGUM BINTI ABDUL RAHMAN

Independent Non-Executive Director



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

Datin Seri Raihanah Begum binti Abdul Rahman, was appointed to the Board of Directors of the Company on 8 April 2019 as an Independent Non-Executive Director. Datin Seri Raihanah is a Member of the Audit & Governance Committee, Risk & Sustainability Committee and Nomination & Remuneration Committee of the Company.

On 27 May 2021, Datin Seri Raihanah was redesignated as Chairman of the Risk & Sustainability Committee of the Company. She currently sits on the Boards of MAA Group Berhad, Melewar Industrial Group Berhad, Tuju Setia Berhad and several other private limited companies.

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

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

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

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

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

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

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

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

PROFILE OF DIRECTORS (CONTINUED)

MALAYSIAN | AGED 61 | MALE

KWO SHIH KANG

Senior Independent Non-Executive Director



- **Chairman of the Audit & Governance Committee**
- **Member of the Risk & Sustainability Committee**

Mr Kwo Shih Kang was appointed to the Board of Directors of the Company on 23 August 2019 as an Independent Non-Executive Director. Mr Kwo Shih Kang is the Chairman of the Audit & Governance Committee and a Member of the Risk & Sustainability Committee of the Company. He currently sits on the Boards of Melewar Industrial Group Berhad and several other private limited companies.

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

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

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

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

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

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

KEY SENIOR MANAGEMENT PROFILE



TUNKU DATO' YAACOB KHYRA
Executive Chairman

Tunku Dato' Yaacob Khyra was appointed to the Board of Directors of the Company on 30 March 2004 as a Non-Independent Non-Executive Director. Subsequently, he was re-designated to Non-Independent Non-Executive Chairman of the Company on 2 May 2008. On 2 January 2015, Tunku Dato' Yaacob was re-designated to Executive Chairman of the Company. His personal profile is listed in the Profile of Directors on page 33 of this annual report.



ROSHAN MAHENDRAN BIN ABDULLAH
Executive Director/Group Chief Executive Officer

En Roshan Mahendran bin Abdullah was appointed to the Board of Directors of the Company on 18 September 2017 as a Non-Independent Executive Director and was appointed as the Group CEO of Mycron Steel Berhad on 2 April 2018. His personal profile is listed in the Profile of Directors on page 34 of this annual report.

KEY SENIOR MANAGEMENT PROFILE (CONTINUED)



CHOO KAH YEAN

Chief Financial Officer

Mr Choo Kah Yean has been the Chief Financial Officer at Melewar Industrial Group Berhad since 1 November 2012.

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

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

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

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

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



IR. CHIN SHYI HER

Chief Operating Officer, Tube Operations

Ir. Chin Shyi Her joined the Group on 5 June 1989. In 2004, Ir. Chin was promoted to be the Assistant Vice President to manage and oversee the entire manufacturing division of the Company and subsequently assigned to the current position in May 2011.

Ir. Chin has been in the steel pipe industry for more than 32 years since he began his career as a Technical Trainee in the Company, after graduating in June 1989. In 1995, he was promoted to head the project development of the Company responsible for the improvement and upgrade of plant and machinery.

Ir. Chin Shyi Her holds a Bachelor of Engineering Degree in Mechanical Engineering (Marine Technology) from the University Technology of Malaysia. He is a Professional Engineer registered under the Board of Engineers Malaysia and also a member of the Institute of Engineers, Malaysia.

Ir. Chin Shyi Her has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ir. Chin Shyi Her does not have any personal interest in any business arrangements involving the Company. Ir. Chin Shyi Her does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE (CONTINUED)



FANNY TAN BOON SIM

Chief Operations Officer, CRC Operations

Ms Fanny first joined the Group in September 2011 and resigned in April 2017 before coming on board again on 11 June 2018 as the Chief Operations Officer of the Cold Rolled Coil division. Ms Fanny was attached to Kossan Group as a General Manager before re-joining the Mycron group.

Ms Fanny began her career at Amsteel Mills Sdn Bhd before shifting her career path to BlueScope Steel (M) Sdn Bhd from 2005 until 2011. She has 19 years of experience in the Iron and Steel industry covering up-stream, mid-stream and down-stream processes; namely in Quality Management and Manufacturing functions. She also has vast experience and expertise in leading and driving operational excellence through the evolvement of People, Processes and Equipment.

Ms Fanny graduated with Bachelor of Science in Materials and Manufacturing Engineering from Sheffield Hallam University, UK and completed her Master's in Business Administration with high distinction from Victoria University, Australia. She also holds a Lean Six Sigma Black Belt Certification from the International Association for Six Sigma Certification (IASSC).

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

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

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

GROUP FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

	2017	2018	2019	2020	2021
1 Financial highlights of Statements of Profit or Loss					
Revenue (RM mil)	726.2	793.4	694.5	596.1	736.7
EBITDA (RM mil)	73.9	44.3	12.8	13.0	90.3
Profit/(loss) before tax (RM mil)	46.4	22.5	(9.7)	(10.5)	68.3
Profit/(loss) after tax (RM mil)	34.7	16.1	(12.0)	(10.6)	53.8
2 Financial highlights of Statements of Financial Position					
Total assets (RM mil)	668.1	694.5	666.9	634.0	737.0
Total borrowings (RM mil)	249.7	120.4	119.6	100.3	87.4
Shareholders equity (RM mil)	374.2	391.6	395.9	385.9	447.7
3 Financial indicators					
Return on equity (%)	9.3	4.1	(3.0)	(2.7)	12.0
Return on total assets (%)	5.2	2.3	(1.8)	(1.7)	7.3
Gearing ratio (Times)	0.67	0.31	0.30	0.26	0.20
Net earnings/(loss) per share (sen)	12.3	5.7	(3.9)	(3.2)	16.5
Net asset per share (RM)	1.32	1.38	1.21	1.18	1.37
PE ratio	6.7	6.8	(7.6)	(8.8)	3.5
Share price as at FYE (RM)	0.820	0.385	0.300	0.285	0.570

ANALYSIS OF SHAREHOLDINGS

AS AT 1 OCTOBER 2021

Total Number of Issued Shares	- 327,057,599
Class of Shares	- Ordinary Shares
No. of Shareholders	- 5,153
Voting Rights	- One (1) vote per ordinary share

No. of Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	692	13.43	22,812	0.01
100 - 1,000	1,805	35.03	928,543	0.28
1,001 - 10,000	1,822	35.36	9,073,056	2.77
10,001 - 100,000	739	14.34	23,098,773	7.06
100,001 and below 5% of issued shares	94	1.82	51,474,150	15.74
5% and above of issued shares	1	0.02	242,460,265	74.13
TOTAL	5,153	100.00	327,057,599	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2021

No.	Name	No. of Shares Held	(a) % of Shares
1.	Melewar Industrial Group Berhad	242,460,265	74.13
2.	Citigroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Kumpulan Wang Persaraan (Diperbadankan) (Kenanga))	5,522,800	1.69
3.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for Daiwa Capital Markets Singapore Limited)	5,370,000	1.64
4.	Tan Cheng Chai	4,379,000	1.34
5.	CIMB Group Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund)	3,854,500	1.18
6.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary: Marubeni-Itochu Steel Inc.)	3,580,000	1.09
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for UOB Kay Hian Pte Ltd)	3,300,000	1.01
8.	CIMB Group Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for DBS Bank Ltd)	1,859,000	0.57
9.	DB (Malaysia) Nominee (Asing) Sdn Bhd (Beneficiary: The Bank of New York Mellon for Ensign Peak Advisors Inc.)	930,300	0.28
10.	CIMB Group Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund)	902,200	0.28
11.	Ooi Chin Hock	877,800	0.27
12.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yong Choong Hing)	788,700	0.24
13.	M & A Nominee (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tang Soon Chye)	690,000	0.21
14.	DB (Malaysia) Nominee (Asing) Sdn Bhd (Beneficiary: The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund)	677,900	0.21
15.	Wu Teng Siong	654,800	0.20
16.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Maybank Trustees Berhad for Kenanga Syariahextra Fund)	651,000	0.20
17.	Sin Hock	650,000	0.20
18.	Teo Peng Boon	600,000	0.18
19.	Tan Aik Choon	512,600	0.16
20.	Lim Tee Chiew	500,000	0.15

ANALYSIS OF SHAREHOLDINGS

AS AT 1 OCTOBER 2021
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2021 (CONTINUED)

No.	Name	No. of Shares Held	(a)% of Shares
21.	Seow Ching Yuen @ Khoo Sau Chun	480,000	0.15
22.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Ho Keat Soong)	450,000	0.14
23.	Teo Swee Ping	440,000	0.13
24.	Law Kok Thye	408,000	0.12
25.	Kenanga Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Lim Kiam Lam)	396,400	0.12
26.	Kenanga Investment Bank Berhad (Beneficiary: Exempt An CLR (BA) for Kenanga Investors Berhad)	391,000	0.12
27.	Ng Teng Song	386,900	0.12
28.	Maybank Securities Nominees (Asing) Sdn Bhd (Beneficiary: Maybank Kim Eng Securities Pte Ltd for Divyesh Nagindas Doshi)	385,200	0.12
29.	T. O. Lim Holdings Sdn Bhd	380,000	0.12
30.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB for Cheah Chee Siong)	361,100	0.11
TOTAL		282,839,465	86.48

Note:

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

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2021

Name	Number of Shares Held			
	Direct	% ⁽¹⁾	Indirect	% ^(a)
Melewar Industrial Group Berhad ("MIG")	242,460,265	74.13	-	-
Melewar Equities (BVI) Ltd ("MEBVI")	-	-	242,460,265	74.13 ⁽²⁾
Melewar Khyra Sdn Bhd ("MKSB")	-	-	242,460,265	74.13 ⁽²⁾
Khyra Legacy Berhad ("KLB")	-	-	242,460,265	74.13 ⁽³⁾

DIRECTORS' SHAREHOLDINGS AS AT 1 OCTOBER 2021

Name	Number of Shares Held			
	Direct	% ⁽¹⁾	Indirect	% ^(a)
Tunku Dato' Yaacob Khyra	-	-	242,523,025	74.15 ⁽¹⁾
Azlan bin Abdullah	53,900	0.02	-	-

Notes:

- (a) The percentages of substantial shareholders and Directors' shareholdings are calculated by dividing the shares held by the respective substantial shareholders and Directors with the total number of issued shares.
- (1) Deemed indirect interest by virtue of TY being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB, who are the Major Shareholders of MIG, a Major Shareholder of Mycron and his major interests in Melewar Group Berhad who holds 0.02% in the total issued share capital of Mycron.
- (2) Deemed indirect interest by virtue of it being the Major Shareholder of MIG who is a Major Shareholder of Mycron.
- (3) Deemed indirect interest by virtue of it being the holding company of MEBVI and MKSB, who are the Major Shareholders of MIG, a Major Shareholder of Mycron.

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 OCTOBER 2021

Number of Warrants Issued	-	21,756,070
Number of Warrants Exercised	-	-
Number of Warrants Unexercised	-	21,756,070
Number of Warrants Holders	-	139
Exercise Price	-	RM0.60 per warrant
Exercise Period	-	28 January 2019 to 26 January 2024

No. of Size of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Issued Warrants
Less than 100	13	9.35	457	0.00
100 - 1,000	58	41.73	24,644	0.11
1,001 - 10,000	45	32.37	224,100	1.03
10,001 - 100,000	19	13.67	537,900	2.47
100,001 and below 5% of issued warrants	3	2.16	763,947	3.51
5% and above of issued warrants	1	0.72	20,205,022	92.87
TOTAL	139	100.00	21,756,070	100.00

THIRTY LARGEST WARRANT HOLDERS AS AT 1 OCTOBER 2021

No.	Name	No. of Warrants Held	(a) % of Issued Warrants
1.	Melewar Industrial Group Berhad	20,205,022	92.87
2.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB for Cheah Chee Siong)	358,000	1.65
3.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for UOB Kay Hian Pte Ltd)	263,947	1.21
4.	Seow Ching Yuen @ Khoo Sau Chun	142,000	0.65
5.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yong Choong Hing)	66,900	0.31
6.	Ramash Kumar a/l Nariandas	60,000	0.28
7.	Lew Yoke Chan	57,000	0.26
8.	Su-Hong Enterprise Sdn Bhd	52,500	0.24
9.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Lee Eng Min)	46,400	0.21
10.	Abdul Rasik bin Talip	29,800	0.14
11.	Hiew Ming An	21,900	0.10
12.	CGS-CIMB Nominees (Asing) Sdn Bhd (Beneficiary: Pledged securities account for Walter Wurtz)	20,000	0.09
13.	Chen Lee Ming	20,000	0.09
14.	Ea Siow Hiong	20,000	0.09
15.	Poh Thiam Shu	20,000	0.09
16.	Tan Zhi Wee	19,600	0.09
17.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Leong Kam Leng)	18,300	0.08
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tan Eng Hock)	18,000	0.08
19.	Tee Siew Poh	16,000	0.07
20.	Cheah Chee Siong	15,000	0.07

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 OCTOBER 2021
(CONTINUED)

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

No.	Name	No. of Warrants Held	^(a) % of Issued Warrants
21.	Lim Sui To	12,600	0.06
22.	Leong Li Ping	12,000	0.06
23.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Tan Chin Sing)	11,900	0.05
24.	Cheah Chee Siong	10,000	0.05
25.	Kan Kia @ Tan Boon Tong	10,000	0.05
26.	Liew Chin Kong	10,000	0.05
27.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Mohamed Abdillah bin Che Mohamed)	10,000	0.05
28.	Mohd Kamal bin Bahardin	10,000	0.05
29.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Francis Chia Mong Tet)	10,000	0.05
30.	TA Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yong Choong Hing)	10,000	0.05
TOTAL		21,576,869	99.18

Note:

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

LIST OF SUBSTANTIAL WARRANT HOLDERS AS AT 1 OCTOBER 2021

Name	Number of Warrants Held			
	Direct	% ^(a)	Indirect	% ^(a)
Melewar Industrial Group Berhad ("MIG")	20,205,022	92.87	-	-
Melewar Equities (BVI) Ltd ("MEBVI")	-	-	20,205,022	92.87 ⁽²⁾
Melewar Khyra Sdn Bhd ("MKSB")	-	-	20,205,022	92.87 ⁽³⁾
Khyra Legacy Berhad ("KLB")	-	-	20,205,022	92.87 ⁽³⁾

DIRECTOR'S WARRANT HOLDINGS AS AT 1 OCTOBER 2021

Name	Number of Warrants Held			
	Direct	% ^(a)	Indirect	% ^(a)
Tunku Dato' Yaacob Khyra ("TY")	-	-	20,210,252	92.89 ⁽¹⁾

Notes:

- (a) The percentages of substantial warrant holders and Director's warrant holdings are calculated by dividing the warrants held by the respective substantial warrant holders and Director with the total number of issued warrants.
- (1) Deemed indirect interest by virtue of TY being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB, who are the Major Shareholders of MIG, a Major Shareholder of Mycron and his major interests in Melewar Group Berhad who holds 0.02% of the total number of issued warrants of Mycron.
- (2) Deemed indirect interest by virtue of it being the Major Shareholder of MIG who is a Major Shareholder of Mycron.
- (3) Deemed indirect interest by virtue of it being the holding company of MEBVI and MKSB, who are the Major Shareholders of MIG, a Major Shareholder of Mycron.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Mycron Steel Berhad (“MSB” or “the Company”) is pleased to present the Corporate Governance (“CG”) Overview Statement of the Company for the financial year ended 30 June 2021. This CG Overview Statement is prepared pursuant to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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

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

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

This CG Overview Statement should be read together with the CG Report, which is accessible on the Company’s website at <https://www.mycronsteel.com/corporate-governance.php> as well on Bursa Securities website. It should also be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control and the Audit and Governance Committee Report.

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

The Board is pleased to provide an overview of the CG practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the FY 2021, which are as follows:

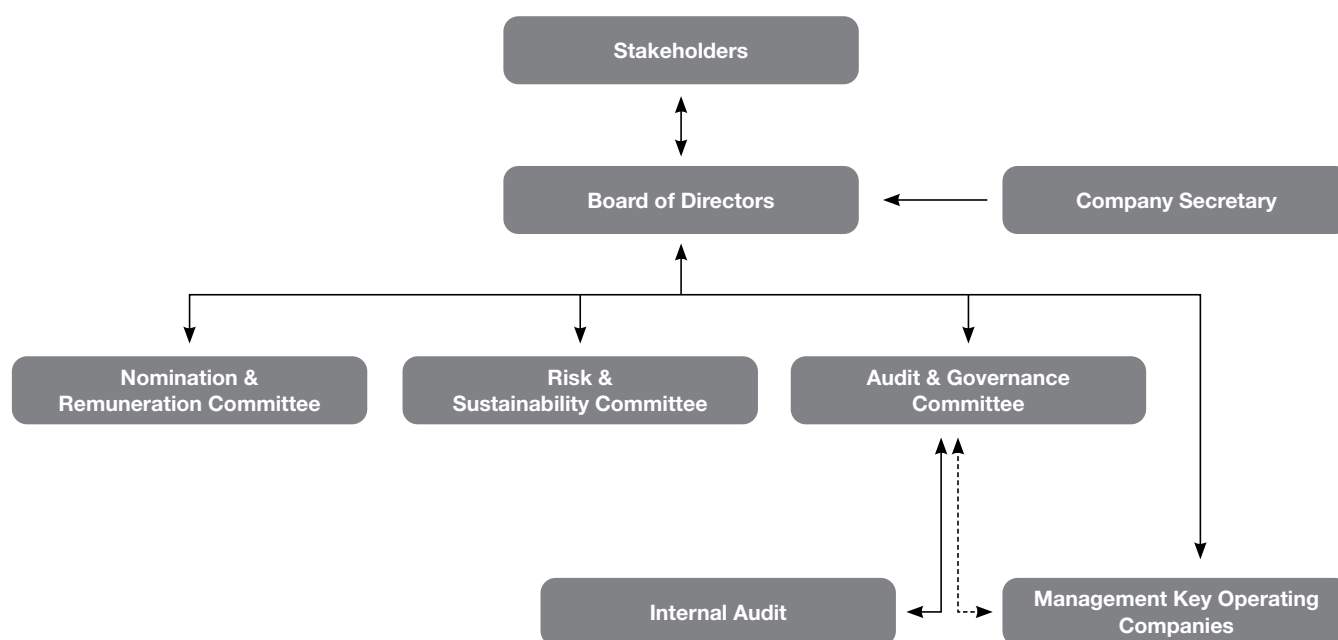
Principle A: Board Leadership and Effectiveness.

Principle B: Effective Audit and Risk Management.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

CORPORATE GOVERNANCE FRAMEWORK

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1.0 Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part I - Board Responsibilities (continued)

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

1.2 The Chairman

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

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

1.3 GCEO

The GCEO, En Roshan Mahendran bin Abdullah is overall responsible for the business operations and day-to-day management of the Group and the implementation of the Board's policies and decisions.

The roles and responsibilities of both the Executive Chairman and the GCEO are more particularly set out in the Board Charter which is available on the Company's website.

1.4 Suitably Qualified and Competent Company Secretary

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

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

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

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

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

1.5 Access to Information and Advice

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part I - Board Responsibilities (continued)

2.0 Demarcation of Responsibilities

2.1 Board Charter

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

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

3.0 Good Business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

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

3.2 Whistle-Blowing Policy

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

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

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

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

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

3.3 Conflict of Interest and Related Party Transactions

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

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

The above guidelines are encapsulated in the Related Party Transactions Policy which was approved by the Board of Directors on 24 February 2021.

3.4 Anti-Corruption Policy

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part I - Board Responsibilities (continued)

4.0 Sustainability Statement

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

The sustainability initiatives and activities undertaken by the Group for the financial year ended 30 June 2021 are disclosed in the "Sustainability Statement" on Page 18, provided in this Annual Report.

Part II - Board Composition

5.0 Board's Objectivity

5.1 Composition of the Board

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

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

As at the date of this CG Overview Statement, the Board, consists of seven (7) members as follows:

- one (1) Executive Chairman;
- one (1) Executive Director;
- one (1) Non-Independent Non-Executive Director; and
- four (4) Independent Non-Executive Directors.

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

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

Directors	Designation
Tunku Dato' Yaacob Khyra	Executive Chairman
Roshan Mahendran bin Abdullah	Group Chief Executive Officer
Azlan bin Abdullah	Non-Independent Non-Executive Director
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	Independent Non-Executive Director
Tan Sri Datuk Seri Razman Md Hashim	Independent Non-Executive Director
Datin Seri Raihanah Begum binti Abdul Rahman	Independent Non-Executive Director
Kwo Shih Kang	Senior Independent Non-Executive Director

The Group considers its complement of Non-Executive Directors provide an effective Board with a mix of knowledge and broad business and commercial experience. The Independent Non-Executive Directors of the Company are independent of Management and free from any business relationship which could materially interfere with the exercise of their judgement. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest probable standards of conduct and integrity are maintained by the Group. All Independent Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

With the passing of En Shazal Yusuf bin Mohamed Zain on 24 April 2021, Mr Kwo Shih Kang was appointed as the Senior Independent Non-Executive Director in place of En Shazal Yusuf, who serves as the point of contact between the Independent Directors and the Board Chairman on sensitive issues and acts as a designated contact to whom shareholders' concerns or queries may be raised. Datin Seri Raihanah was redesignated as Chairman of the RSC.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II – Board Composition (continued)

5.0 Board's Objectivity (continued)

5.2 Tenure of Independent Director

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

The NRC has assessed the independence of Tan Sri Datuk Seri Razman Md Hashim who has served as an Independent Non-Executive Director of the Company for a cumulative term of 9 (nine) years on 30 September 2021. Notwithstanding his long tenure in office and based on the review and recommendation of the NRC, the Board is unanimous in its opinion that Tan Sri Datuk Seri Razman Md Hashim's independence has not been impaired or compromised and the Board resolved to seek the shareholders' approval for Tan Sri Datuk Seri Razman Md Hashim to continue serving as an Independent Non-Executive Director of the Company until the next AGM of the Company to be held in 2022.

5.3 Policy of Independent Director's Tenure

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

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

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

5.4 Diverse Board and Senior Management

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

5.5 Gender Diversity Policy

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

In this respect, the Board formalised the gender diversity policy on 24 October 2013.

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

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

5.6 New Candidates for Board Appointment

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

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

The NRC is also guided by the Procedure for the Appointment and Removal of Directors which was approved by the Board on 28 May 2018. The Board Nomination and Selection Process outlines the skill sets, knowledge/experience, mindset and the intrinsic values required of the concerned Director vis-a-vis the need of the Company as well as time to effectively discharge his/her role as a Director of the Company. The process also provides the relevant point of reference in identifying the most suitable candidates to sit on the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

5.0 Board's Objectivity (continued)

5.6 New Candidates for Board Appointment (continued)

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

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

There was no new appointment of Director during the financial year under review except for the appointment of Tan Sri Datuk Seri Razman Md Hashim who was appointed as a new Committee member to the RSC and Datin Seri Raihanah who was redesignated as Chairman of the RSC on 27 May 2021 with the demise of En Shazal Yusuf who was the Chairman of the RSC.

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

The Terms of Reference of the NRC is made available for reference on the Company's website at www.mycronsteel.com.

5.7 NRC

The Board merged the Nomination Committee and Remuneration Committee and renamed the Committee as the Nomination and Remuneration Committee since 28 August 2013.

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

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

Chairman : Tan Sri Datuk Seri Razman Md Hashim
– Independent Non-Executive Director

Members : Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
– Independent Non-Executive Director

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

6.0 Overall Board Effectiveness

6.1 Annual Evaluation

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

6.0 Overall Board Effectiveness (continued)

6.1 Annual Evaluation (continued)

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

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

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

- (a) Assessed and evaluated the independence of Tan Sri Datuk Seri Razman Md Hashim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of 9 (nine) years on 30 September 2021.
- (b) Conducted annual assessment on the effectiveness of the Board and Committees covering areas such as Board structure and operation, Management relationship with the Board, Board's role and responsibilities, the required mix of skills and experience of the Directors, time commitments, characters, experiences, integrity and competencies to effectively discharge the role as a Director for the financial year ended 30 June 2021 and reported the findings in the Board meeting.

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

- (c) Reviewed and assessed the independence of the Independent Directors through the assessment of independence of Independent Directors under the annual Board evaluation process. Based on the evaluation results, the NRC concluded that each Independent Director has fulfilled the independence criteria set out in the MMLR and they continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgment to decisions taken by the Board. The Board was satisfied with the level of independence of all the Independent Directors.
- (d) Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire by rotation pursuant to the Company's Constitution at the forthcoming 18th AGM. The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Tan Sri Datuk Seri Razman Md Hashim, Datin Seri Raihanah Begum binti Abdul Rahman and Mr Kwo Shih Kang.
- (e) Reviewed the tenure of service for Independent Non-Executive Directors.
- (f) Reviewed the terms of office and performance of the AGC and its members to determine whether the AGC and its members have carried out their duties in accordance with their terms of reference.
- (g) Reviewed the remuneration policies applicable to Directors, GCEO and Senior Management.
- (h) Reviewed the performance bonuses for the Executive Directors/Senior Management.
- (i) Reviewed attendance of Directors at Board/Board Committees, to ensure compliance to minimum attendance requirement of Board meetings of not less than fifty percent (50%) of the total meetings held during the financial year.
- (j) Reviewed the succession planning for Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

6.0 Overall Board Effectiveness (continued)

6.2 Time Commitment of the Board

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

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

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

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

Executive Directors	No. of Attendance	%
1. Tunku Dato' Yaacob Khyra (Executive Chairman)	5/5	100
2. Roshan Mahendran bin Abdullah	5/5	100
Non-Independent Non-Executive Director	No. of Attendance	%
1. Azlan bin Abdullah	5/5	100
Independent Non-Executive Directors	No. of Attendance	%
1. Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	5/5	100
2. Tan Sri Datuk Seri Razman Md Hashim	5/5	100
3. Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
4. Kwo Shih Kang	5/5	100
5. Shazal Yusuf bin Mohamed Zain (Demised on 24 April 2021)	3/4	75

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II – Board Composition (continued)

6.0 Overall Board Effectiveness (continued)

6.3 Continuing Education and Training of Directors

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

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

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

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

Members of the Board	List of Training Programmes/Seminars/Conferences Attended
Tunku Dato' Yaacob Khyra	- Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors - Deloitte & Touche (M.E.) – Bahrain - Understanding Board Decision – Making Process - Corruption Risk Management - Mergers and Acquisitions – Process and Valuation - Takeovers, Mergers and Acquisitions - An Overview, Amendments to the Bahrain Commercial Companies Law - Dawn Raid – Don't be Caught Unprepared - Raising Defences – Section 17A, MACC Act.
Roshan Mahendran bin Abdullah	MICG - Building & Reporting a Culture of Integrity.
Azlan bin Abdullah	Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors
Tan Sri Datuk Seri Razman Md Hashim	Section 17A, MACC Act for Sunway REIT Management
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	- Pre-Board Retreat Speakers' Series (a) Macroeconomic Outlook – Impact of the Pandemic on Malaysia's Economy and Our Journey towards Recovery (b) Property Industry Outlook – What is the Reality for the Malaysian Property Industry. (c) Strategy & Transformation in Real Estate – What are the Trends Affecting the Real Estate Space Globally - The Quiet Transformation of Corporate Governance. - The Board and Sustainable Leadership for Decade of Action.
Datin Seri Raihanah Begum binti Abdul Rahman	- MICG - Building & Reporting a Culture of Integrity. - Understanding Board Decision-Making Process. - Implementing Amendments in the Malaysian Code on Corporate Governance. - Corporate Liability Provision in the MACC Act 2009.
Kwo Shih Kang	- Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors - ESG in the New Normal – A Corporation's Lens by MACD. - Implementing Amendments in the Malaysian Code on Corporate Governance.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part III – Remuneration

7.0 Level and Composition of Remuneration

7.1 Remuneration Policy

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

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

8.0 Remuneration of Directors and Senior Management

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

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

The Non-Executive Directors are remunerated based on fixed annual Director's fees and fixed meeting allowances. All Non-Executive Directors are paid Directors' Fees of RM48,000 per annum each for serving as members of the Board. The Directors who serve on the AGC and RSC will also receive additional RM6,000 per annum for each committee that they serve in, in recognition of their commitment and additional time contributed. The Directors' fees are appropriate to their contribution, taking into consideration the effort, commitment and time spent as well as the responsibilities of the Directors.

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

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

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

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

For the year 2022, the Board of Directors decided that the Directors' fees be maintained as the previous year for each Director and will recommend to the shareholders for approval at the forthcoming 18th AGM.

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

The relevant resolutions in relation to the Directors' fees and benefits payable to the Directors will be presented to the shareholders for approval at the forthcoming 18th AGM.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part III – Remuneration (continued)

8.0 Remuneration of Directors and Senior Management (continued)

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

Received from Company

Name	Salary (RM'000)	Bonus (RM'000)	Benefits-in-Kind* (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Directors						
Tunku Dato' Yaacob Khyra	768.8	50	28	-	-	122.8
Roshan Mahendran bin Abdullah	-	-	-	-	-	-
Non-Independent Non-Executive Director						
Azlan bin Abdullah	-	-	-	48	3	-
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	2.3	48	4.5	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	0.1	54.6	7	-
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	60	9	-
Kwo Shih Kang	-	-	-	60	7.5	-
Shazal Yusof bin Mohamed Zain (Demised on 24 April 2021)	-	-	-	48.8	4.5	-

Received from Group

Name	Salary (RM'000)	Bonus (RM'000)	Benefits-in-Kind* (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Directors						
Tunku Dato' Yaacob Khyra	-	-	-	-	-	-
Roshan Mahendran bin Abdullah	1,817.9	240	41.6	-	-	308.7
Non-Independent Non-Executive Director						
Azlan bin Abdullah	-	-	-	-	-	-
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	-	-	-	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	-	-	-	-
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	-	-	-
Kwo Shih Kang	-	-	-	-	-	-
Shazal Yusof bin Mohamed Zain (Demised on 24 April 2021)	-	-	-	-	-	-

* Benefits-in-kind include company car, driver, club membership subscription and medical insurance benefits.

** Others include car allowance, provision for Directors' leave pay, travelling allowances and EPF.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part III – Remuneration (continued)

8.0 Remuneration of Directors and Senior Management

8.1 Remuneration of Top Three Senior Management

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

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

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

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

9.0 Effective and Independent Audit Committee

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

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

9.2 Composition of Audit Committee

The Board established the AGC since 1 June 2005 to provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities with regards to the accounting and financial reporting practices. The AGC also reviews the scope and results of internal and external auditing processes and monitors the effectiveness of the internal controls and risk management to ensure the Board makes properly informed decisions.

During the financial year, the AGC comprised of four (4) members, all of whom are Independent Non-Executive Directors. However, it be noted that Shazal Yusuf passed away on 24 April 2021.

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

The qualification and experience of the individual AGC members are disclosed in the Directors' Profiles on pages 36 to 39 of this Annual Report.

The composition and summary of activities of the AGC during the financial year under review are disclosed in the AGC Report as set out on pages 76 to 82 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Part I – Audit Committee (continued)

9.0 Effective and Independent Audit Committee (continued)

9.3 Former Key Audit Partner

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

9.4 Assessment of Suitability and Independence of External Auditors

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

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

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

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

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

The AGC was satisfied with the competence and independence of the External Auditors and had recommended the re-appointment of the External Auditors for shareholders' consideration at the forthcoming 18th AGM.

Part II – Risk Management and Internal Control Framework

10.0 Establishment of Risk Management and Internal Control Framework

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

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

11.0 Effective Governance, Risk Management and Internal Control Framework

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

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

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

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

The internal audit function is guided by Internal Audit Charter which was approved by the AGC and Board of Directors on 26 May 2017. Audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the AGC.

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

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

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

Part I – Communication with Stakeholders

12.0 Continuous Communication between the Company and Stakeholders

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

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

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

- (i) Mr Kwo Shih Kang can be contacted as follows:
Telephone number: +603-5510 6608 Facsimile number: +603-5510 3720
Email address: vincentkwo@mycronsteel.com

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

- (ii) En Roshan Mahendran bin Abdullah (Group Chief Executive Officer)
Telephone number: +603-5510 6608 Facsimile number: +603-5510 3720
Email address: roshan@mycronsteel.com
- (iii) Mr Choo Kah Yean (Chief Financial Officer, for financial related matters)
Telephone number: +603-5519 2455 Facsimile number: +603-5510 8618
- (iv) Ms Lily Yin Kam May (Company Secretary, for shareholders' enquiries)
Telephone number: +603-6252 8880 Facsimile number: +603-6252 8080

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

Part II – Conduct of General Meetings

13.0 Encourage Shareholders' Participation at General Meetings

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

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

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

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

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

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

Amid the evolving COVID-19 outbreak in Malaysia and out of the Company's concern to the well-being and safety of its members, the Company's 17th AGM was the first AGM of the Company conducted through live streaming and online remote participation by using Remote Participation and Voting Facilities ("RPV"), which is in compliance with Section 327 of the CA. By leveraging on the RPV facilities, members participated in the AGM by viewing a live webcast of the AGM, asking questions online, and submitting votes in real time, without physically attending the AGM.

All resolutions set out in the notice of the 17th AGM were put to vote by poll and the votes casted were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the General Meeting was announced to Bursa Securities at the end of the meeting day.

The Company again will be leveraging on technology to conduct the 18th AGM fully virtual through live streaming and online remote voting using RPV facilities.

13.1 Poll Voting

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

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

COMPLIANCE STATEMENT

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

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

2. MATERIAL CONTRACTS RELATED TO LOAN

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

3. AUDIT FEES

The amount of audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2021 amounted to RM370,200.00 and RM135,700.00 respectively.

4. NON-AUDIT FEES

The amount of non-audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2021 amounted to RM28,800.00 and RM13,800.00 respectively.

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

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

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

A. RRPTs with Melewar Group of Companies

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
1.	Trace Management Services Sdn Bhd ("Trace")	Provision of corporate secretarial services by the Related Party to Mycron Steel Berhad ("MSB") and its subsidiaries ("Mycron Group")	Interested Director Tunku Dato' Yaacob Khyra ("TY")	TY is deemed interested in Trace by virtue of his major interests in Melewar Group Berhad ("MGB"), who in turn is the holding company of Trace; MGB is the family owned investment holding company.	Nil	233,109

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

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

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
1.	MAACA Legal Advisory Sdn Bhd ("MAACA Legal Advisory")	Provision of corporate consultancy services by the Related Party to Mycron Group	Interested Director TY Interested Major Shareholders Melewar Equities (BVI) Ltd ("MEBVI"), Melewar Khyra Sdn Bhd ("MKSB") and Khyra Legacy Berhad ("KLB")	TY is deemed interested in MAACA Legal Advisory. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	MAACA Legal Advisory is a wholly owned subsidiary of MAA Corporation Sdn Bhd who in turn is a wholly owned subsidiary of MAAG whose ultimate Major Shareholder is KLB.	Nil
2.	Maax Factor Sdn Bhd ("Maax Factor")	Factoring Facility and ancillary fees chargeable by Related Party to Mycron Steel CRC Sdn Bhd ("MCRC")	Interested Director TY Interested Major Shareholders MEBVI, MKSB and KLB	TY is deemed interested in MAAG. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	Maax Factor is a wholly owned subsidiary of MAA Corporation Sdn Bhd who in turn is a wholly owned subsidiary of MAAG whose ultimate Major Shareholder is KLB.	Nil

C. RRPTs with Melewar Industrial Group Berhad ("MIG") and its subsidiaries, collectively ("MIG Group")

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
1.	MIG	Provision of treasury services by the Related Party to MCRC	Interested Director TY Interested Major Shareholders MEBVI, MKSB and KLB	TY is deemed interested in MIG and MCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

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

C. RRPTs with Melewar Industrial Group Berhad ("MIG") and its subsidiaries, collectively ("MIG Group") (continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
2.	MIG	Sale of pipes by the Related Party to MCRC	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	Nil
3.	Melewar Steel Mills Sdn Bhd ("MSM")	Sale of scrap by MCRC to the Related Party	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSM is a wholly owned subsidiary of MIG. MCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	Nil
4.	MIG	Management fees for the provision of management services/advice charged by the Related Party to MCRC	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	1,180,000
5.	Melewar Steel Services Sdn Bhd ("MSS")	Rental charged by the Related Party to Melewar Steel Tube Sdn Bhd ("MST") for the use of the factory belonging to MSS. (Lot 16)	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSS and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MSS is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

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

C. RRPTs with Melewar Industrial Group Berhad ("MIG") and its subsidiaries, collectively ("MIG Group") (continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
6.	MIG	Rental charged by the Related Party to MST for the use of the factory belonging to MIG. (Lot 10 and Lot 49)	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	3,445,860
7.	MSM	Sale of scrap by MST to the Related Party	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MSM is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	Nil
8.	MIG	Provision of management fees charged by the Related Party to MST	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	1,544,300
9.	Ausgard Quick Assembly Systems Sdn Bhd ("AQAS")	Sale of pipes by MST to the Related Party	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in AQAS and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. AQAS is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

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

C. RRPTs with Melewar Industrial Group Berhad ("MIG") and its subsidiaries, collectively ("MIG Group") (continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
10.	MSM	Scrap handling commission fee charged by the Related Party to MCRC	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSM is a wholly owned subsidiary of MIG. MCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	1,707,977
11.	MSM	Scrap handling commission fee charged by the Related Party to MST	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSM is a wholly owned subsidiary of MIG. MST is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	301,020
12.	Melewar Steel UK Ltd ("MSUK")	Purchase of steel pipes and tubes by the Related Party from MST	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MST and MSUK by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MSUK is a wholly owned subsidiary of Melewar Imperial Limited ("MIL"), which in turn is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

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

C. RRPTs with Melewar Industrial Group Berhad ("MIG") and its subsidiaries, collectively ("MIG Group") (continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
13.	Jack Nathan Limited ("JNL")	Purchase of steel pipes and tubes by the Related Party from MST	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MST and JNL by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. JNL is a wholly owned subsidiary of MIL, which in turn is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron	Nil

D. Financial assistance between Mycron Group and classes of related parties

Type of Financial Assistant	Related Party	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
			Director	Major Shareholder	
Provision of financial assistance to MIG Group by the pooling of funds via a centralised treasury management function within Mycron Group on a short or medium term basis i.e. for a duration not exceeding three (3) years.	MIG Group	Interested Director TY Interested Major Shareholders MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MIG is the Major Shareholder of Mycron by virtue of its 74.13% shareholding in Mycron.	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS

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

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

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

- (a) applied the appropriate and relevant accounting policies on a consistent basis;
- (b) made judgments and estimates that are reasonable and prudent; and
- (c) prepared the annual audited financial statements on a going concern basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

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

BOARD RESPONSIBILITY

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

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

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

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

From time to time, the Board receives assurances from the Group Chief Executive Officer (“GCEO”), Chief Financial Officer (“CFO”), Chief Operating Officer (“COO”) and Chief Operations Officer (“COOn”) on the efficacy of the risk management and internal control system and that it sufficiently safeguards the interests of the Group.

COVID-19 Pandemic

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

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

RISK MANAGEMENT

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

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

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

RISK AND SUSTAINABILITY COMMITTEE

The RSC was established by the Board on 31 March 2004. The members of the RSC as at the date of this Annual Report are as follows:

Chairman : Datin Seri Raihanah Begum binti Abdul Rahman
Members : Kwo Shih Kang
: Tan Sri Datuk Seri Razman Md Hashim
(Appointed on 27 May 2021)
: Shazal Yusuf bin Mohamed Zain
(Demised on 24 April 2021)

With the passing of En Shazal Yusuf bin Mohamed Zain on 24 April 2021, there was a vacancy in the RSC. The Company filled the vacancy in the RSC with the appointment of Tan Sri Datuk Seri Razman Md Hashim on 27 May 2021, thus complying with the TOR of the RSC. Following this, Datin Seri Raihanah was redesignated as Chairman of the RSC.

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

Name of Committee Members	Total Meetings attended
Datin Seri Raihanah Begum binti Abdul Rahman (Chairman, Independent Non-Executive Director)	4/4
Kwo Shih Kang (Senior Independent Non-Executive Director)	4/4
Tan Sri Datuk Seri Razman Md Hashim (Independent Non-Executive Director) (Appointed on 27 May 2021)	N/A
Shazal Yusuf bin Mohamed Zain (Demised on 24 April 2021)	2/3

RISK MANAGEMENT FRAMEWORK

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

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

INTERNAL CONTROL

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

1. Authority and Responsibility

- (a) Responsibilities are delegated to Board Committees through clearly defined Terms of Reference ("TOR") which are reviewed and revised when necessary. The TOR was last reviewed and updated on 26 November 2018.
- (b) The Group has a clear organisation structure with well-defined lines of reporting and appropriate levels of responsibility.
- (c) The Authority Limits is reviewed and revised when necessary to reflect the authority and authorisation limits of Management.

2. Internal Control Procedures

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

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

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

3. Policies and Procedures

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

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

4. Internal Audit Function

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

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

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

5. Managers Meeting (“MANCO”)

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

6. Risk Management Process

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

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

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

- (i) A Whistle-blowing Policy to assist stakeholders to raise concerns on any malpractices they may observe in the Group, without fear of retaliation;
- (ii) An Anti-Corruption Policy to prohibit all forms of bribery and corruption practices, and the Group is committed to conducting business free from any acts of bribery or corruption in upholding high standards of ethics and integrity;
- (iii) The Executive Directors are closely involved in the running of the Group’s businesses and operations and they report to the Board on significant changes in the business and external environment, if any.
- (iv) Each operating unit is responsible for the conduct and performance of business units, including the identification and evaluation of significant risks applicable to their respective business areas, the design and operation of suitable internal control and in ensuring that an effective system of internal control is in place.
- (v) Code of Conducts endorsed by the Board and communicated to all employees in the Group to ensure high standards of conduct and ethical values in all business practices.
- (vi) Training and development programs were established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group’s objectives.
- (vii) Changes in the regional and global economic conditions, such as trade tensions and other global headwinds that could result in uncertainties and volatilities in the economic environment, which may have an adverse effect on the demand or components, and hence on the Group’s financial performance and operations. The Group manages these economic risks through keeping ourselves abreast with the economic and market development, maintaining good relationship with customers and closely following latest news on customers’ products performance and business.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

CONCLUSION

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

In line with the Guidelines, the Group Chief Executive Officer ("GCEO"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and Chief Operations Officer ("COOn") have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management adopted by the Group and the declarations made by the respective Heads of each Division. To the best of knowledge, nothing has come to the attention of the GCEO, CFO, COO, COOn and the Management which may render the financial results presented and the information provided to be misleading in any material respect.

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

AUDIT AND GOVERNANCE COMMITTEE REPORT

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

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

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

TERMS OF REFERENCE

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

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

COMPOSITION

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

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

Designation	Name	Directorship
Chairman	Kwo Shih Kang	Senior Independent Non-Executive Director
Members	Tan Sri Datuk Seri Razman Md Hashim	Independent Non-Executive Director
	Datin Seri Raihanah Begum binti Abdul Rahman	Independent Non-Executive Director

Shazal Yusuf bin Mohamed Zain who passed away on 24 April 2021 was also a member of the AGC.

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

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

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

All members of the AGC are adequately financially equipped and are able to understand financial statements to effectively discharge their duties and responsibilities as members of the AGC. The qualification and experience of the individual AGC members are disclosed in the Directors' Profiles set out on pages 36 to 39 in the Annual Report.

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

AUDIT AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

MEETINGS AND ATTENDANCE

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

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

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

Members	No. of Meetings Attended	%
Kwo Shih Kang	5/5	100
Tan Sri Datuk Seri Razman Md Hashim	5/5	100
Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
Shazal Yusuf bin Mohamed Zain (Demised on 24 April 2021)	3/4	75

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

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

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

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

The NRC had on 25 August 2021 reviewed the terms of office and performance of the AGC members. The Board, through its NRC, reviewed the performance of the AGC and the skills, experience and competencies possessed by the members of the AGC through an annual AGC effectiveness assessment.

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

AUDIT AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2021

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

Financial Reporting	(a) The AGC reviewed the unaudited quarterly financial results and audited financial statements of the Group with the aim to ensure that the interim financial reports and financial statements were prepared in accordance with the approved Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Companies Act 2016 and other statutory requirements. In reviewing the interim financial report, the CFO provided explanations on the analysis of the quarterly results and major variances. The AGC was also briefed on the Group's business operations, factors affecting the Group's performance and market outlook. (b) In its review of the quarterly results and audited financial statements, the AGC also took note of the changes of accounting standards and impacts on the financial performance or position of the Group with adoption of the new accounting standards. The following were the primary areas of financial reporting judgement and disclosure considered by the AGC in relation to financial statements for financial year ended 2021 based on the assessment made by External Auditors on the macroeconomic changes which could affect the business of the Group: (i) Impact on outbreak of COVID-19 on financial reporting The Group had considered and appropriately taken up the effects from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of its financial statements for financial year ended 2021. The area of audit emphasis included the going concern assessment, potential breach of financial covenants, valuation of financial and non-financial assets which would lead to some form of assessment as to whether there requires any impairment on assets and receivables balances. The Group does not expect any going concern issue and no concern of the Group not fulfilling the debt covenants. The AGC was satisfied that the effect of the COVID-19 pandemic on financial reporting had been considered and appropriately taken up as well as disclosed in the financial statements. (ii) Impact on increasing steel prices There was a heightened increase in steel prices over the period from 30 June 2020 to 30 April 2021 which could lead to increase in risk of material misstatement in revenue recognition. As such, External Auditors would need to carry a more focussed assessment on revenue recognition of sales transactions in the correct accounting period. (iii) Impact on China's emissions crackdown With the stricter regulations imposed by the Chinese government on the production of their steel, there has been a reduction in supply of steel both globally and locally which exacerbated the increase in steel prices. As such, External Auditors would also need to carry out same assessment as explained in item (ii) above. (c) Sought clarification from Management especially from the CFO of the Group on the following information for better understanding of the overall state of the financial position of the Company: • Performance of the key divisions of the Company including the variations and contributing factors to the performance; • Foreign exchange exposure; • Cash flow position of the Group with specific details on the compliance to the financial covenants with the various financial institutions who had granted facilities to the Group; • Position of the gearing ratio of the Company. (d) Reviewed the key audit matters highlighted in the auditors' report based on auditors' professional judgement which were considered as most significant in their audit of the financial statements of the Group and of the Company for the current financial year. (e) Reviewed and ascertained that the audited annual financial statements do not contain any misstatement of transactions and the auditors are in a position to issue an unqualified opinion on the matter of truth and fairness of the financial performance and the financial position of the Company and of the Group.
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AUDIT AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2021 (CONTINUED)

External Audit and Interim Review	(a) On 25 May 2021, the External Auditor presented the Audit Plan for financial year ended 30 June 2021 which outlined the engagement team, audit timetable, group scoping, areas of audit emphasis and their engagement letter. The External Auditors also briefed the AGC on developments in laws and regulations on accounting standards which would potentially affect the valuation of financial assets and non-financial assets of the Group as well as treatment of issues which would have some impact on the Group. At the meeting, the External Auditors confirmed their independence in relation to the audit engagement for financial year ended 2021, in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"). (b) The AGC had on 25 August 2021, reviewed with the External Auditors, the significant auditing and accounting matters in respect of their audit for the financial year ended 30 June 2021. In the said meeting, the AGC reviewed with the External Auditors the internal control recommendations, the new accounting standards and other developments in laws and regulations. (c) The AGC had in August 2021 conducted a review of the External Auditors' performance, suitability and independence of the External Auditors and terms of engagement before recommending their re-appointment and remuneration. In ensuring independence, the AGC:- - looked into the criteria stipulated under Paragraph 15.21 of the MMLR when deciding on the External Auditors. - ensured audit partner responsible for external audit of MSB is subject to rotation at least once every seven (7) financial years in accordance with the MIA By-Laws which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond seven (7) years. The last audit partner rotation was in 2018. (d) At the same meeting held in August 2021, the AGC reviewed the provision of audit and non-audit fees by the External Auditors for the financial year 2021. The AGC having reviewed the nature and amount of the non-audit fees, was satisfied that the non-audit services would not impair the independence of the External Auditors. The details of the audit fees and non-audit fees paid to the External Auditors for the financial year ended 2021 are set out in the Corporate Governance Overview Statement of this Annual Report. (e) The AGC reviewed with the External Auditors the final draft of Financial Statements for the financial year ended 30 June 2021 ("FS"), held in October 2021 including the status and outcome of their audit findings and key audit matters to be disclosed in the FS. (f) The AGC held three (3) private sessions with the External Auditors in August 2020, October 2020 and May 2021 without the presence of the executive board members and management, for a greater exchange of free views and opinion concerning audit matters. There were no major concerns raised by the External Auditors that needed the attention of the Board of Directors. (g) The AGC had reviewed the Statement on Risk Management and Internal Control which provides an overview of the state of internal controls and risk management within the Group and also the AGC's Report which would be reviewed by the External Auditors prior to the Board's approval for inclusion in the Annual Report. (h) Received updates on the statutory and regulatory requirements including the implementation of the accounting standards applicable in the preparation of financial statements and their implications on the financial statements.
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AUDIT AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2021 (CONTINUED)

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

AUDIT AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

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

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

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

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

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

Companies	Key Areas	Activities
Mycron Steel CRC Sdn Bhd ("MCRC")	Production Operations	Reviewed the process and controls pertaining to the following: • Compliance with established Policies and Procedures and identified any areas of improvement, where applicable; • Usage of raw materials during the production time and assess the trend of the variances on the usage; • Factory production planning and actual monthly output generated and analysis on any variances; • Timeliness of updates of the actual finished goods production quantity into the ERP Application; • Production schedule planning, monitoring and reporting process; • Actual tracking of output from the production line to inventory; and • Production line downtime monitoring and reporting.
(i) MCRC (ii) Melewar Steel Tube Sdn Bhd ("MST")	Maintenance Management	Reviewed and evaluated the processes and controls pertaining to the following: • Compliance with established Policies and Procedures and identified any areas of improvement, where applicable; • Adequacy and compliance with equipment weekly/monthly/yearly maintenance plans including completeness of the preventive and predictive maintenance plan; • Compliance with testing of equipment and calibration (only for MCRC); • Repairs and maintenance costs incurred; • In-house/outsourced vendor maintenance contract and timeliness of action taken (only for MCRC); • Trend of machinery downtime and planned shutdown set by maintenance including the action/improvement plan in place to reduce unplanned downtime; and • Monitoring of machinery breakdown and time taken for repair and maintenance.
MSB	Related Party Transactions	Reviewed the internal control procedures pertaining to the following: • Adequacy of the relevant framework or policy in relation with related party transactions; • Process of identification and reporting of related parties and transactions; • Protocol for disclosing such relationships or transactions by the Board members and the relevant designated personnel; • Updating and maintaining the database of related parties; and • Awareness on the understanding and agreement to abide by the company's related party framework or policy, as well as the listing requirement.

AUDIT AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONTINUED)

Companies	Key Areas	Activities
(i) MCRC (ii) MST	Procurement to Payment Management	Reviewed the process and controls pertaining to the following: • Compliance with established Policies and Procedures and identified any areas of improvement, where applicable; • Governance over order processing (i.e. segregation of duties and approval/authorisation); • Vendor sourcing, evaluation and selection; • Receipt of goods and/or services; • Processing payment to Vendors; and • Monitoring of long outstanding orders.
MSB	IT Governance	Reviewed the internal control procedures pertaining to the following: • Compliance with the established policies and procedures in relation to information system management; • Change management; • Anti-virus management; • Audit trails controls; • Backup management and restoration; and • Disaster recovery plan.

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

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

The costs incurred in respect of the internal audit reviews performed by the professional services firm was RM72,200.00 for the financial year ended 30 June 2021.

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are that of mid-stream steel cold rolled coil manufacturing and steel tube manufacturing as disclosed in Note 14 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	53,818,170	137,684

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the Company's previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

Tunku Dato' Yaacob Khyra
Roshan Mahendran bin Abdullah
Azlan bin Abdullah
Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim
Shazal Yusuf bin Mohamed Zain (demised on 24 April 2021)
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Datin Seri Raihanah Begum binti Abdul Rahman
Kwo Shih Kang

In accordance with Article 96(1) of the Company's Constitution, Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim, Datin Seri Raihanah Begum binti Abdul Rahman and Kwo Shih Kang are to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

DIRECTORS' INTERESTS

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

	Number of ordinary shares		
	At 1.7.2020	Acquired	At 30.6.2021
Melewar Industrial Group Berhad			
(Ultimate holding company)			
Tunku Dato' Yaacob Khyra			
- deemed indirect interest ^(a)	164,762,464	3,810,300	-
			168,572,764
Azlan bin Abdullah			
- direct interest	133,333	-	-
			133,333

^(a) Deemed indirect interest by virtue of Tunku Dato' Yaacob Khyra being a beneficiary of a trust known as Khyra Legacy Berhad, being the holding company of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd who are the Major/Substantial Shareholders of Melewar Industrial Group Berhad.

	Number of ordinary shares		
	At 1.7.2020	Acquired	At 30.6.2021
Mycron Steel Berhad			
(the Company)			
Tunku Dato' Yaacob Khyra			
- deemed indirect interest ^(a)	242,523,025	-	-
			242,523,025
Azlan bin Abdullah			
- direct interest	100,000	-	(46,100)
			53,900

^(a) Deemed indirect interest by virtue of Tunku Dato' Yaacob Khyra being a beneficiary of a trust known as Khyra Legacy Berhad, being the holding company of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd who are the Major/Substantial Shareholders of Melewar Industrial Group Berhad, a Major Shareholder of Mycron Steel Berhad.

By virtue of Tunku Dato' Yaacob Khyra's deemed indirect interests in shares in the ultimate holding company, he is deemed to have an interest in the shares in all the subsidiaries to the extent the ultimate holding company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those benefits shown under Directors' Remuneration section below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group and of the Company are covered by Directors and Officers Liability Insurance ("D&O") for any liability incurred in the discharge of their duties provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The sum insured was determined by the Company after taking into account the diversified nature of the Group's businesses. The premium borne by the Group and the Company for the D&O coverage during the financial year was both approximately RM14,450 (2020: RM20,000).

SIGNIFICANT EVENTS DURING AND AFTER REPORTING DATE

Details of the significant events during and after reporting date are set out in Note 36 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected to be realised.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) except as disclosed in the financial statements, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, other than the subsequent events as disclosed in Note 36 to the financial statements.

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

ULTIMATE AND IMMEDIATE HOLDING COMPANY

The Directors regard Melewar Industrial Group Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad as both the immediate and the ultimate holding company.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year up to the date of this report and the statement is as follows:

Tunku Dato' Yaacob Khyra
Azlan bin Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Roshan Mahendran bin Abdullah

SUBSIDIARIES

Details of subsidiaries are set out in Note 14 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

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

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

ROSHAN MAHENDRAN BIN ABDULLAH
EXECUTIVE DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER

TUNKU DATO' YAACOB KHYRA
EXECUTIVE CHAIRMAN

Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, **Roshan Mahendran bin Abdullah** and **Tunku Dato' Yaacob Khyra**, being two of the Directors of **Mycron Steel Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 93 to 165 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and the financial performance of the Group and of the Company for the financial year ended 30 June 2021 on that date in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 21 October 2021.

ROSHAN MAHENDRAN BIN ABDULLAH
EXECUTIVE DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER

TUNKU DATO' YAACOB KHYRA
EXECUTIVE CHAIRMAN

STATUTORY DECLARATION

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

I, **Choo Kah Yean**, the Officer primarily responsible for the financial management of **Mycron Steel Berhad**, do solemnly and sincerely declare that, the financial statements set out on pages 93 to 165 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

CHOO KAH YEAN
CHIEF FINANCIAL OFFICER
MIA Number: 24018

Subscribed and solemnly declared by the abovenamed, at Wilayah Persekutuan Kuala Lumpur on 21 October 2021, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYCRON STEEL BERHAD
(Incorporated in Malaysia)
(Registration No. 200301020399 (622819-D))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position of the Group and of the Company as at 30 June 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 93 to 165.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
<u>Valuation and impairment assessment of land and buildings, plant, machinery and electrical installation</u> Refer to Note 2(d) on accounting policies for property, plant and equipment, Note 2(e) on accounting policies for leases, Note 3 – Critical accounting estimates and judgements, Note 12 – Property, plant and equipment and Note 13 – Leases to the financial statements. (i) Valuation of land and buildings, plant, machinery and electrical installation The Group carries its land and buildings, plant, machinery and electrical installation at their fair values.	(i) Valuation of land and buildings, plant, machinery and electrical installation <u>Evaluation of the valuer's objectivity and competency</u> We checked the valuation reports for the land and buildings, plant, machinery and electrical installation and discussed the reports with the valuer. We found that the valuation approach for each category of assets was performed in accordance with MFRS 13 "Fair value measurement" in determining the fair values as at 30 June 2021. We evaluated the valuer's competence by checking the valuer's qualifications and their registration to the Board of Valuers. We read their terms of engagement to determine whether there were any matters that might have affected their objectivity.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MYCRON STEEL BERHAD
(Incorporated in Malaysia)
(Registration No. 200301020399 (622819-D))
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation and impairment assessment of land and buildings, plant, machinery and electrical installation (continued) (i) Valuation of land and buildings, plant, machinery and electrical installation (continued) As at 30 June 2021, the carrying amount of the Group's land and buildings, plant, machinery and electrical installation classified under property, plant and equipment of approximately RM289.5 million; and leasehold land under right-of-use assets of approximately RM23.0 million, respectively. The valuation of the Group's land and buildings, plant, machinery and electrical installation are carried out by an independent professional valuer on an annual basis. The valuation of the land and buildings is inherently subjective due to the individual nature of each property and its location; whereas the plant, machinery and electrical installation is inherently subjective due to the physical wear and tear and technological development of the individual assets at the point of valuation. (ii) Impairment assessment of land and buildings, plant, machinery and electrical installation Management carried out impairment assessment in accordance with MFRS 136 on the Group's property, plant and equipment and right-of-use assets as a result of the existence of an impairment indicator as the Group's market capitalisation value is below the total carrying amount of its net assets. As the land has already been fair valued approximates those required by MFRS 136, the management has substantiated the carrying amount of the building, plant, machinery and electrical installation by performing an impairment assessment based on the value-in-use ("VIU") method which involved significant estimates of the future results of the business, in particular, the key assumptions on sales volume growth rates, operating profit margins and pre-tax discount rates used in the future cash flows forecasts. We focused on these areas because there are significant judgements and estimates made in relation to the valuation and impairment assessment of the Group's land and buildings, plant, machinery and electrical installation.	(i) Valuation of land and buildings, plant, machinery and electrical installation (continued) <u>Estimates on land</u> For the land revalued during the financial year, the fair values were determined based on the Market approach by reference to observable prices in the market or recent market transactions of comparable properties in close proximity and are adjusted for differences in key attributes such as property size (Level 3). The valuer has considered the impact of COVID-19 when performing the valuation. The most significant input into this valuation approach is selling price per square foot. We tested all pieces of land valuation by comparing the fair value per square foot with transacted values of similar land in and around the area. The values were obtained from independent online property portal website. <u>Estimates on buildings and plant, machinery and electrical installation</u> For buildings and plant, machinery and electrical installation, the fair values were determined based on the depreciated replacement cost method, which is based on the initial cost of purchase and construction of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (Level 3). We obtained an understanding on the basis of valuation and checked the reasonableness of the basis of valuation through discussions with the valuer on the basis of its estimates. (ii) Impairment assessment of land and buildings, plant, machinery and electrical installation With respect to management's impairment assessment, we performed the following procedures: • Obtained an understanding of management's business plans; • Checked the appropriateness of management's identification of CGUs; • Checked the 5-year detailed cash flows projections for the three different scenarios (i.e. best case, medium case and worst case) prepared by management to the budget and cash flows projections approved by the Board of Directors; • Assessed the reliability of management's forecast comparing historical trends of actual financial performances against previous forecasted results; • Checked the key assumptions used by management in the VIU calculations, in particular revenue cash flows projections and operating profit margins by comparing to historical trends and relevant industry forecasts; • Checked that the terminal growth rate did not exceed the long-term average growth rates of the similar industry;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MYCRON STEEL BERHAD
(Incorporated in Malaysia)
(Registration No. 200301020399 (622819-D))
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

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

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and all other sections of the 2021 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MYCRON STEEL BERHAD
(Incorporated in Malaysia)
(Registration No. 200301020399 (622819-D))
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

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

Kuala Lumpur
21 October 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	6	736,672,804	596,101,390	4,170,296	3,274,810
Cost of sales		(632,773,118)	(566,194,220)	(2,977,630)	(2,182,310)
Gross profit		103,899,686	29,907,170	1,192,666	1,092,500
Other operating (expense)/income – net		(58,877)	(2,547,037)	11,400	9,600
Selling and distribution costs		(5,974,634)	(5,580,603)	-	-
Administrative expenses		(22,397,341)	(24,096,563)	(861,096)	(817,762)
Impairment on property, plant and equipment	12	(4,342,858)	(2,412,770)	-	-
Finance income	7	1,166,789	1,313,525	1,583	86,524
Finance costs	7	(3,978,153)	(7,129,857)	(22,659)	(22,659)
Finance income/(cost) – net		(2,811,364)	(5,816,332)	(21,076)	63,865
Profit/(Loss) before tax	8	68,314,612	(10,546,135)	321,894	348,203
Taxation	10	(14,496,442)	(15,458)	(184,210)	(202,129)
Net profit/(loss) for the financial year		53,818,170	(10,561,593)	137,684	146,074
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
- Revaluation surplus on property, plant and equipment and right-of-use assets, net of tax	30	7,991,129	628,832	-	-
Total comprehensive income/(loss) for the financial year		61,809,299	(9,932,761)	137,684	146,074

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

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
Net profit/(loss) for the financial year attributable to owners of the Company		53,818,170	(10,561,593)	137,684	146,074
Total comprehensive income/(loss) for the financial year attributable to owners of the Company		61,809,299	(9,932,761)	137,684	146,074
Earnings/(Loss) per share attributable to equity holders of the Company					
- basic and diluted (sen)	11	16.46	(3.23)		

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	314,898,698	311,211,607	667,071	772,410
Right-of-use assets	13	41,679,222	33,082,493	-	-
Subsidiaries	14	-	-	221,968,100	221,968,100
Intangible assets	15	20,000,000	20,000,000	-	-
		376,577,920	364,294,100	222,635,171	222,740,510
CURRENT ASSETS					
Inventories	16	225,500,381	157,128,697	-	-
Trade and other receivables	17	41,937,267	75,494,954	4,500	16,394
Amounts owing by subsidiaries	19	-	-	369,539	122,727
Amounts owing by related companies	20	1,200	44,896	-	-
Derivative financial assets	21	2,019,630	2,122,531	-	-
Cash and cash equivalents	22	90,931,176	34,554,880	416,528	549,706
Tax recoverable		22,589	374,019	-	-
		360,412,243	269,719,977	790,567	688,827
LESS: CURRENT LIABILITIES					
Trade and other payables	23	120,081,246	137,138,475	490,171	316,398
Contract liabilities	24	22,990,671	1,458,981	-	-
Amount owing to ultimate holding company	18	380,917	8,347	400	-
Amounts owing to subsidiaries	19	-	-	3,255,072	3,403,093
Amount owing to a related company	20	-	1,462,287	-	-
Derivative financial liabilities	21	3,282	8,301	-	-
Borrowings	27	59,956,090	45,458,087	170,877	170,877
Lease liabilities	13	2,951,930	2,856,678	-	-
Tax payable		2,616,959	22,791	26,233	22,791
		208,981,095	188,413,947	3,942,753	3,913,159
NET CURRENT ASSETS/(LIABILITIES)		151,431,148	81,306,030	(3,152,186)	(3,224,332)

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

		GROUP		COMPANY	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	25	31,041,513	22,630,166	11,700	11,700
Deferred income	26	6,036,458	-	-	-
Borrowings	27	27,464,876	28,517,681	193,040	363,917
Lease liabilities	13	15,801,893	8,597,254	-	-
		80,344,740	59,745,101	204,740	375,617
		447,664,328	385,855,029	219,278,245	219,140,561
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	28	217,676,829	217,676,829	217,676,829	217,676,829
Warrant reserves	29	1,740,486	1,740,486	1,740,486	1,740,486
Asset revaluation reserve	30	38,702,095	30,710,966	-	-
Retained earnings/(Accumulated losses)		189,544,918	135,726,748	(139,070)	(276,754)
TOTAL EQUITY		447,664,328	385,855,029	219,278,245	219,140,561

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

GROUP

← Attributable to owners of the Company →					
Note	Share capital RM	Warrant reserves RM	Asset revaluation reserves RM	Retained earnings RM	Total RM
At 1 July 2020	217,676,829	1,740,486	30,710,966	135,726,748	385,855,029
Comprehensive income:					
Net profit for the financial year	-	-	-	53,818,170	53,818,170
Other comprehensive income:					
- Revaluation surplus on property, plant and equipment and right-of-use assets, net of tax	30	-	7,991,129	-	7,991,129
Total comprehensive income for the financial year	-	-	7,991,129	53,818,170	61,809,299
At 30 June 2021	217,676,829	1,740,486	38,702,095	189,544,918	447,664,328
← Attributable to owners of the Company →					
Note	Share capital RM	Warrant reserves RM	Asset revaluation reserves RM	Retained earnings RM	Total RM
At 1 July 2019	217,676,829	1,740,486	30,108,054	146,262,421	395,787,790
Comprehensive income:					
Net loss for the financial year	-	-	-	(10,561,593)	(10,561,593)
Other comprehensive income:					
- Revaluation surplus on property, plant and equipment and right-of-use assets, net of tax	30	-	628,832	-	628,832
- Realisation of asset revaluation on disposal of property, plant and equipment	30	-	(25,920)	25,920	-
Total comprehensive loss for the financial year	-	-	602,912	(10,535,673)	(9,932,761)
At 30 June 2020	217,676,829	1,740,486	30,710,966	135,726,748	385,855,029

The accompanying notes form an integral part of these financial statements

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

COMPANY

	Note	Share capital RM	Warrant reserves RM	Accumulated losses RM	Total RM
At 1 July 2020		217,676,829	1,740,486	(276,754)	219,140,561
Total comprehensive income for the financial year		-	-	137,684	137,684
At 30 June 2021		217,676,829	1,740,486	(139,070)	219,278,245
At 1 July 2019		217,676,829	1,740,486	(422,828)	218,994,487
Total comprehensive income for the financial year		-	-	146,074	146,074
At 30 June 2020		217,676,829	1,740,486	(276,754)	219,140,561

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		GROUP		COMPANY	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		68,314,612	(10,546,135)	321,894	348,203
Adjustments for:					
Property, plant and equipment:					
- depreciation	12	14,444,978	14,193,989	105,339	105,339
- net (gain)/loss on disposals	8	(67,858)	7,382	-	-
- impairment	12	4,342,858	2,412,770	-	-
Depreciation on ROU assets	13	3,424,998	3,388,518	-	-
Net unrealised gain on foreign exchange	8	24,863	(101,778)	-	-
Gain on rent concession	13	(45,945)	-	-	-
Amortisation of deferred income	26	(63,542)	-	-	-
Interest income	7	(1,166,789)	(1,313,525)	(1,583)	(86,524)
Interest expense:					
- borrowings	7	3,334,813	6,380,078	22,659	22,659
- lease liabilities	7	643,340	749,779	-	-
Impairment of receivables	4(c)	42,538	873,299	-	-
		93,228,866	16,044,377	448,309	389,677
Changes in working capital:					
- inventories		(68,371,684)	30,362,339	-	-
- trade and other receivables		33,823,700	11,854,130	11,894	(8,621)
- trade and other payables		(16,733,591)	1,169,725	173,773	59,165
- contract liabilities		21,531,690	-	-	-
- intercompany balances		(1,046,021)	1,164,022	(458,336)	(273,419)
Cash generated from operations		62,432,960	60,594,593	175,640	166,802
Tax paid		(4,741,960)	(2,142,895)	(180,768)	(238,248)
Tax refunded		-	740,964	-	265,223
Net cash generated from/(used in) operating activities		57,691,000	59,192,662	(5,128)	193,777

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

		GROUP		COMPANY	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(14,645,117)	(30,751,859)	-	-
Proceeds from disposal of property, plant and equipment		264,861	105,600	-	-
Interest received		1,166,789	1,313,525	1,583	86,524
Proceed from grant on property, plant, and equipment	26	6,100,000	-	-	-
Repayment from/(advances to) a subsidiary		-	-	63,903	(7,752,421)
Net cash (used in)/generated from investing activities		(7,113,467)	(29,332,734)	65,486	(7,665,897)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of borrowings		(165,253,213)	(277,828,479)	(170,877)	(170,876)
Proceeds from borrowings		178,698,411	241,672,139	-	-
Lease payments		(2,802,519)	(2,696,081)	-	-
Interest paid:					
- borrowings		(4,200,576)	(5,880,350)	(22,659)	(22,659)
- lease liabilities		(643,340)	(749,779)	-	-
Net cash generated from/(used in) financing activities		5,798,763	(45,482,550)	(193,536)	(193,535)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS					
		56,376,296	(15,622,622)	(133,178)	(7,665,655)
CASH AND CASH EQUIVALENTS:					
- at beginning of the financial year		34,554,880	50,177,502	549,706	8,215,361
- at end of the financial year	22	90,931,176	34,554,880	416,528	549,706

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

Cash-flow movement in-relation to 'changes in liabilities arising from financing activities' during the financial year is outlined below:

	Bankers' acceptance RM	Lease liabilities RM	Factoring RM	Term loan RM	Hire purchase RM	Mortgage loan RM	Total RM
GROUP							
At 1 July 2020	31,200,000	11,453,932	4,442,085	16,686,279	3,526,799	18,120,605	85,429,700
<u>Cash flows:</u>							
Proceeds from borrowings	172,200,000	-	-	6,498,411	-	-	178,698,411
Repayment of borrowings	(152,310,000)	-	(4,442,085)	(4,374,999)	(2,247,034)	(1,879,095)	(165,253,213)
Interest paid	(2,041,294)	(643,340)	(73,995)	(760,772)	(152,067)	(720,603)	(4,392,071)
Lease payments	-	(2,802,519)	-	-	-	-	(2,802,519)
Working capital changes	307,563	-	-	-	-	-	307,563
<u>Non-cash changes:</u>							
Interest charged	1,733,731	643,340	73,995	760,772	152,067	720,603	4,084,508
Gain on rent concession	-	(45,945)	-	-	-	-	(45,945)
Lease modification	-	10,148,355	-	-	-	-	10,148,355
At 30 June 2021	51,090,000	18,753,823	-	18,809,691	1,279,765	16,241,510	106,174,789
At 1 July 2019	80,650,000	14,150,013	-	3,617,104	6,048,590	19,823,313	124,289,020
<u>Cash flows:</u>							
Proceeds from borrowings	219,028,000	-	4,442,085	18,202,054	-	-	241,672,139
Repayment of borrowings	(268,478,000)	-	-	(5,124,999)	(2,521,791)	(1,703,689)	(277,828,479)
Interest paid	(3,177,553)	(749,779)	(41,866)	(426,935)	(273,989)	(1,040,966)	(5,711,088)
Lease payments	-	(2,696,081)	-	-	-	-	(2,696,081)
Working capital changes	(737,626)	-	-	-	-	-	(737,626)
<u>Non-cash changes:</u>							
Interest charged	3,915,179	749,779	41,866	419,055	273,989	1,041,947	6,441,815
At 30 June 2020	31,200,000	11,453,932	4,442,085	16,686,279	3,526,799	18,120,605	85,429,700

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

Cash-flow movement in-relation to 'changes in liabilities arising from financing activities' during the financial year is outlined below: (continued)

	Hire purchase RM
COMPANY	
At 1 July 2020	534,794
<u>Cash flows:</u>	
Repayment of borrowings	(170,877)
Interest paid	(22,659)
<u>Non-cash changes:</u>	
Interest charged	22,659
At 30 June 2021	363,917
At 1 July 2019	705,670
<u>Cash flows:</u>	
Repayment of borrowings	(170,876)
Interest paid	(22,659)
<u>Non-cash changes:</u>	
Interest charged	22,659
At 30 June 2020	534,794

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1 GENERAL INFORMATION

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are that of mid-stream steel cold rolled coil manufacturing, and steel tube manufacturing as disclosed in Note 14 to the financial statements.

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

The registered office of the Company is:

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

The principal place of business of the Company is:

Lot 717 Jalan Sungai Rasau
40200 Shah Alam
Selangor Darul Ehsan

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all the financial years presented in dealing with items which are considered material in relation to the financial statements, unless otherwise stated.

(a) Basis of preparation

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

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

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

Standards, amendments to published standards and interpretations that are effective

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

Amendments to MFRS 3 'Definition of a Business'

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

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

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

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

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

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

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

Amendments to MFRS 16 'COVID-19-Related Rent Concessions' (MFRS 16 amendment)

On adoption of the MFRS 16 amendment, the Group is not required to assess whether a rent concession for payments due on or before 30 June 2021 that occurs as a direct consequence of the COVID-19 pandemic and meets specified conditions is a lease modification.

The Group accounts for such COVID-19-related rent concessions as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

In accordance with the transitional provisions provided in the MFRS 16 amendment, the comparative information for June 2020 was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles in MFRS 16. The cumulative effects of initially applying the MFRS 16 amendment were adjusted against retained earnings as at 1 July 2020.

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

Standards early adopted by the Group

The Group has elected to early adopt the following amendment.

- Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards and amendments that have been issued but not yet effective

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

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

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

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

- (ii) Amendments to standards and interpretations are effective for financial year beginning after 1 July 2022.

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

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

The amendments shall be applied prospectively.

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

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

The amendments shall be applied retrospectively.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

The amendments shall be applied prospectively.

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

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

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

(b) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

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

(iii) Disposal of subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(iv) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

(c) Investment in subsidiaries in separate financial statements

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

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

(d) Property, plant and equipment

(i) Measurement basis

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Measurement basis (continued)

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

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

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

(ii) Depreciation

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

Buildings	50 years
Plant, machinery and electrical installation	4 – 40 years
Motor vehicles	10 years
Furniture, fittings, and office equipment	10 years

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

(e) Leases

Accounting by lessee

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

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

(i) Lease term

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

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

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Accounting by lessee (continued)

(ii) ROU assets (continued)

ROU assets that are leasehold land properties are subsequently measured based on 'fair value' determination by independent certified real-estate valuers. The ROU assets are generally depreciated over the shorter of assets' useful lives or the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the term of the lease. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented as a separate line item in the statements of financial position. The Group does not have ROU assets that meet the definition of investment properties.

(iii) Lease liabilities

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

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

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

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

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

(iv) Reassessment of lease liabilities

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

During the financial year, the Group applies practical expedient to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group accounts for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impacts of rent concessions are presented within other operating expense.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Accounting by lessor

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

Finance leases

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

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment.

Operating leases

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

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

(f) Impairment of non-financial assets

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

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case, it is taken to asset revaluation reserve.

(g) Financial assets

Classification

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

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

Measurement

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Measurement (continued)

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are recognised in profit or loss in the period which it arises.

(ii) FVTPL

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

Equity instruments

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

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

Subsequent measurement - Impairment for debt instruments

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

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

- Trade receivables
- Other receivables
- Intercompany balances
- Financial guarantee contracts

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

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holders, the debtor or any other party.

The measurement of ECL reflects:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Subsequent measurement - Impairment for debt instruments (continued)

- (i) General 3-stage approach for other receivables, intercompany balances and financial guarantee contracts issued

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

- (ii) Simplified approach for trade receivables

The Group applied the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

Significant increase in credit risk

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

The following indicators are incorporated:

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

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

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 60 days of when they fall due.

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due in-relation to its 'overdue-days matrix'.

(ii) Individual assessment

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

Write-off

(a) Trade receivables

Trade receivables are written off from credit impairment allowance account when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other receivables, intercompany balances and financial guarantee contracts

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(i) Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value on the date on which derivative contracts are entered into and are subsequently re-measured at their fair values at each reporting date. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets at fair value through profit or loss and accounted for in accordance with the accounting policy set out in Note 2(g).

Derivatives that qualify for hedge accounting are designated as either:

- (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (iii) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Derivative financial instruments and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 5. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge

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

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

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

(j) Intangible assets

The Group carries an intangible asset relating to the licences, patents and trademarks from the consolidation of its acquired Steel Tube subsidiary.

Licences, patents and trademarks are shown at historical cost. Licences, patents and trademark acquired in a business combination are recognised at fair value at the acquisition date. Licences, patents and trademarks that have a finite useful life are carried at cost less accumulated amortisation and accumulated losses. Amortisation is calculated using the straight-line method over their estimated useful lives. Licences, patents and trademarks that can be renewed perpetually with nominal sums are treated as having an indefinite useful life and are not subjected to amortisation but annually assessed for impairment.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Finished goods and work-in-progress comprise cost of materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and the estimated costs necessary to make the sale.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprises of cash in hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Financial liabilities

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

Financial liabilities, within the scope of MFRS 9 "Financial Instruments", are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities which are subsequently measured at fair value through profit or loss or amortised cost.

(i) Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative financial liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial liabilities (continued)

- (ii) Financial liabilities subsequently measured at amortised cost

The Group's financial liabilities subsequently measured at amortised cost include trade payables, other payables, amount owing to related companies and borrowings.

These financial liabilities are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of no more than 12 months after the end of the reporting period, and the balance is classified as non-current.

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

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provision is not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(o) Share capital

Ordinary shares are classified as equity. Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company on or before the end of the reporting date but not distributed at the end of the reporting date.

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial year in which the dividends are approved.

(p) Revenue recognition

Revenue with contracts with customers

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

The Group manufactures and sells a range of steel products to customers. Sales from the sale of steel products are recognised when control of the products has been transferred (i.e. when the products are delivered to the customer); and when the customers has the full discretion to direct the use or movement over the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sale of steel products is recognised based on terms specified in the contracts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made on credit terms which are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

Revenue with contracts with customers (continued)

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

The Group's obligation to transfer goods or services to a customer for which the Group has received consideration in advance from customer is presented as contract liabilities.

- (ii) Processing service income

The Group offers tolling service to its customers. Tolling service relates to when customers provide steel products for further processing (e.g. galvanisation, pipe-forming, pickling & oiling). Revenue from providing such services is recognised in the accounting period in which service is rendered.

There is no element of financing present as the sales is made on credit terms of up to 90 days, which is consistent with industry practice.

- (iii) Management fees income

The Company offers management service to its subsidiaries. Revenue from providing such service is recognised in the accounting period in which service is rendered.

Other income

- (i) Interest income

Interest income is recognised using the effective interest method.

(q) Employees' benefits

- (i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

- (ii) Defined contribution plan

The Group contributes to the Employees' Provident Fund, which is a defined contribution plan, regulated and managed by the government. The contributions are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Current and deferred income tax

The income tax expense for the financial year comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in Malaysia.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Current and deferred income tax (continued)

Deferred tax is recognised in full, using the liability method, on temporary differences at the reporting date arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transactions affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Deferred tax assets (including tax benefits from reinvestment allowance) are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries except where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss under a separate 'net foreign exchange gain or loss' line item.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and in compliance with the requirements of MFRS 8. The chief operating decision-maker of the Group responsible for allocating resources and assessing performance of the operating segments is the Executive Committee.

(u) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Contingent liabilities and contingent assets (continued)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(v) Financial guarantee contracts

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

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

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

(w) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss as other operating income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(x) Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers, including contract specific non-refundable deposits. The balance is classified as contract liabilities under current liabilities in the statement of financial position.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that the Directors believe to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Revaluation of certain property, plant, and equipment and right-of-use assets

As disclosed in Notes 12 and 13 to the financial statements, the Group carries its freehold and leasehold land (classified as right-of-use assets) and buildings, plant, machinery and electrical installation at their fair values. On an annual basis, the Group appoints independent professional firms to determine the fair valuation of these property, plant and equipment and right-of-use assets which generally do not have quoted prices in active markets for identical assets. The Directors at the advice of the appointed professional-valuers exercised judgement and made assumptions in the selection and deployment of the most suitable valuation techniques in the ensuing fair value determination.

(b) Impairment of non-financial assets

In assessing the impairment of Cash-Generating Units ("CGU"), the Group and the Company compare the carrying amount of these assets with its recoverable amount, measured at the higher of fair value less costs to sell and the value-in-use. In measuring the value-in-use based on the CGU's discounted cash flows, certain assumptions and estimates are applied as disclosed in Notes 12, 14 and 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits (including reinvestment allowance) can be utilised. This involves judgement regarding future taxable profits of a particular entities within the Group in which the deferred tax asset has been recognised. With effect from the tax assessment year 2019, the allowable carrying forward period on unutilised tax losses and reinvestment allowances has been limited to 7 years. Estimating future taxable profits and the utilisation of tax losses and reinvestment allowances over the allowed time-period involve significant assumptions. During the financial year, the Group has recognised deferred tax assets arising from unutilised tax losses reinvestment allowances and other deductible temporary differences as disclosed in Note 25 to the financial statements.

(d) Lease options

The Group considers all economic factors and circumstances in assuming whether renewal option and/or an early termination option under any lease/rental agreements are exercised or not in determining the lease duration. Where multiple renewal options are allowed, the Group only includes the immediate next renewal period in computing the lease term, as opposed to assuming an infinite period. Management's judgements are exercised in affirming the aforementioned assumption.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks. The Group's overall financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from its exposure to various financial risks as discussed hereinafter. Financial risk management is carried out at both functional and operational levels, and to the extent possible is embedded into its policies, processes, and controls. This is further reinforced with continuous assessment and improvement on the effectiveness and adequacy of its financial risk management practises by its Executive Committee, internal audit, and the Risk Management Committee which reports to the Board.

Various risk management policies that are approved by the Directors for the controlling and managing of financial risks in the day-to-day operations of the Group for are set out below.

(a) Capital risk

The Group's capital management objectives are (i) to ensure the economic deployment of its capital for sustainable returns which in the long run would exceed the cost of capital; and (ii) to ensure uninterrupted and adequate supply of capital to fulfil objective (i).

The Group views its equity (shareholders' fund less intangibles including deferred tax if any) plus interest bearing debts as capital resources (which totalled to RM546.1 million at the close of the current financial year), and has a policy to maintain the debt-equity ratio below 1.5 times or in accordance with its financial covenants. Capital deployment amongst the Group's subsidiaries and/or business units is at the purview of the Board, but each of its subsidiaries and/or business units is primarily responsible for the management of its allocated capital subject to the oversight by the Executive Committee and the Board.

The Group's subsidiaries are subjected to capital adequacy financial covenants on minimum adjusted shareholders' funds and maximum allowable 'debt-to-equity' ratio computed at both the entity and Group levels under their respective debenture. The adjusted shareholders' fund is calculated as total equity less intangibles, whilst the 'debt-to-equity' ratio is calculated as total interest-bearing liabilities, which excludes lease liabilities, divided by the adjusted shareholders' fund.

For the reporting period, the Group's subsidiaries complied with their respective debenture-imposed capital covenants and generally have been capital-sufficient in meeting peak business needs. Over the current reporting period, equity capital deployed in the Group, has increased by around RM70.2 million (or up 18%) whilst interest-bearing debt capital, has decreased by around RM12.9 million (or down 13%). The Group's debt-equity ratio closed at 0.20 times for the current reporting period compared to 0.26 at the preceding period's close.

In the current financial year, the Cold-Rolled-Coil subsidiary obtained an additional multi-tradeline of RM25 million from an existing debenture holder which boosted its capital availability to meet higher steel raw material prices. Similarly, the Steel Tube unit obtained additional RM35 million tradeline limit after the financial year end. Overall, the Board is of the opinion that the Group's capital deployed and available for deployment is adequate for the business purposes intended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group's and/or the Company's financial resources are insufficient to meet financial obligations when due, or have to be met at an excessive cost. The Group's liquidity risk management objective is to ensure that all its committed and foreseeable funding commitments can be met when due in a cost-effective manner.

The Group's financial obligations are primarily incepted at the respective Cold-Rolled-Coil and Steel Tube subsidiaries, and these are mainly in the form of short-term obligations (less than 12 months) comprising of trade or credit facilities utilisation. The Cold-Rolled-Coil and Steel Tube subsidiaries' short-term bank debts-to-total bank debts ratio at the close of the current reporting period is 33.6% and 78.5% respectively. However, the said subsidiaries have adequate short-term assets to meet short-term liabilities as reflected in the Group's current ratio of 1.72 times at the close of the current reporting period (compared to 1.43 times for the preceding period).

Neither the Group nor the Company has in any instances failed to meet any of its financial obligations when due during the current financial year. This can be attributed to its liquidity risk management policies and methods comprising a combination of the following:

- Maintaining sufficient back-up credit facilities and the continuing support from a diversified range of funding sources;
- Maintaining a strict debt servicing plan vis-à-vis its cash flows generated from operations and from available financial assets;
- Rolling short-term cash flows planning on weekly, monthly and annual basis;
- Managing the concentration and maturity profile of both financial and non-financial liabilities vis-à-vis its financial assets and free-cash-flow from operations; and
- Managing cash conversion cycles and optimising working capital deployment.

The Group's subsidiaries are subjected to a liquidity covenant on the minimum allowable 'Debt Service Cover Ratio'. For the reporting period, the Cold Rolled subsidiary and the Steel Tube subsidiary complied with the liquidity covenant imposed.

The Group's significant reliance on bank trade facilities (which are callable on demand) as a source of funding poses a degree of liquidity risk. To diversify the risk, the Cold Rolled subsidiary and the Steel Tube subsidiary have a total trade credit-line of USD48.9 million (RM203.1 million) and USD23.2 million (RM96.4 million) respectively from key suppliers.

In June the current financial year, the Group's steel operations entered into mandatory business shutdown for 4 weeks (extended by another 6 weeks into the next financial year) under the Full Movement Control Order (FMCO) to address the nation's COVID-19 infection surge. The shutdown disrupted cashflows from lost sales, inventory build-up, and delayed collections; and has substantially alleviated liquidity risks. Nevertheless, the Group managed to meet all financial obligations when due over the shutdown period, and has projected to be able meet all financial obligations coming due in the next financial year on the hind-sight that its operations were allowed to resume from 16 August 2021. The Group does not expect the need to reschedule any of its financial obligations.

At the reporting date, the Company's exposure to liquidity risk arises from corporate guarantees issued on the Cold-Rolled subsidiary's outstanding bank debts of RM18.8 million (2020: RM35.0 million), and on the Steel Tube subsidiary's outstanding bank debts of RM67.3 million (2020: RM31.0 million). The Directors are of the opinion that the default risk by the subsidiaries on both the aforementioned is negligible.

The total balance undrawn banking trade-line facilities for the subsidiaries at the reporting date is around RM133.0 million (2020: RM139.9 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

The maturity analysis of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations are set out in the table below:

GROUP	Carrying amount RM	Contractual interest rate % per annum	Contractual cash flows RM	Current RM	1 – 2 years RM	2 – 3 years RM	> 3 years RM
At 30 June 2021							
<u>Non-derivative financial liabilities:</u>							
Bankers' acceptance	51,090,000	3.19 - 4.11	51,521,788	51,521,788	-	-	-
Term loan	18,809,691	4.06 - 4.41	20,165,896	6,521,688	6,281,263	6,039,605	1,323,340
Hire-purchase creditors	1,279,765	2.29 - 2.85	1,354,190	1,108,566	209,417	36,207	-
Mortgage loan	16,241,510	4.07 - 4.42	18,804,186	2,602,761	2,592,228	2,592,228	11,016,969
Trade and other payables (excluding derivatives and payroll liabilities)	115,816,600	-	115,816,600	115,816,600	-	-	-
Amount owing to a ultimate company	380,917	-	380,917	380,917	-	-	-
Lease liability	18,753,823	4.42 - 5.80	21,231,918	3,698,552	3,721,524	3,721,524	10,090,318
	222,372,306	-	229,275,495	181,650,872	12,804,432	12,389,564	22,430,627
Derivative financial liabilities	3,282		3,282	3,282	-	-	-
	222,375,588		229,278,777	181,654,154	12,804,432	12,389,564	22,430,627

The maturity analysis of the Group's financial liabilities at the preceding financial year's reporting date as comparison based on contractual undiscounted repayment obligations are set out in the table below:

GROUP	Carrying amount RM	Contractual interest rate % per annum	Contractual cash flows RM	Current RM	1 – 2 years RM	2 – 3 years RM	> 3 years RM
At 30 June 2020							
<u>Non-derivative financial liabilities:</u>							
Bankers' acceptance	31,200,000	3.61 - 5.15	31,403,824	31,403,824	-	-	-
Factoring	4,442,085	8.00	4,545,364	4,545,364	-	-	-
Term loan	16,686,279	4.49 - 5.54	17,832,561	6,482,982	6,222,919	5,126,660	-
Hire-purchase creditors	3,526,799	2.29 - 2.85	3,753,282	2,399,092	1,108,566	209,417	36,207
Mortgage loan	18,120,605	4.42 - 5.64	22,124,361	2,690,997	2,680,464	2,680,464	14,072,436
Trade payables	26,362,804	4.73	26,625,917	26,625,917	-	-	-
Trade and other payables (excluding derivatives and payroll liabilities)	110,775,671		110,775,671	110,775,671	-	-	-
Amount owing to a ultimate company	8,347		8,347	8,347	-	-	-
Amount owing to a related company	1,462,287		1,462,287	1,462,287	-	-	-
Lease liability	11,453,932	5.80	12,755,130	3,445,860	3,445,860	3,445,860	2,417,550
	224,038,809		231,286,744	189,840,341	13,457,809	11,462,401	16,526,193
Derivative financial liabilities	8,301		8,301	8,301	-	-	-
	224,047,110		231,295,045	189,848,642	13,457,809	11,462,401	16,526,193

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

The maturity analysis of the Company's financial liabilities at the reporting date and preceding financial year's reporting date as comparison based on contractual undiscounted repayment obligations are set out in the table below:

COMPANY	Contractual interest rate % per annum	Carrying amount RM	Contractual cash flows RM	Current RM	1 – 2 years RM	> 2 years RM
At 30 June 2021						
Trade and other payables (excluding payroll liabilities)		282,910	282,910	282,910	-	-
Hire-purchase creditors	2.29 – 2.72	363,917	411,035	193,536	181,292	36,207
Amount owing to ultimate holding company		400	400	400	-	-
Amounts owing to subsidiaries		3,255,072	3,255,072	3,255,072	-	-
Financial guarantee contracts		-	219,151,000	219,151,000	-	-
		3,902,299	223,100,417	222,882,918	181,292	36,207
At 30 June 2020						
Trade and other payables		316,398	316,398	316,398	-	-
Hire-purchase creditors	2.29 – 2.72	534,794	604,571	193,536	193,536	217,499
Amounts owing to subsidiaries		3,403,093	3,403,093	3,403,093	-	-
Financial guarantee contracts		-	205,907,000	205,907,000	-	-
		4,254,285	210,231,062	209,820,027	193,536	217,499

(c) Credit risk

Credit risk is the risk of financial loss resulting from counterparties' failure to discharge their contractual obligations. The Group's objective on credit risk management is to minimise the probability of financial loss resulting from any counterparty's default.

The Group's exposure to credit risk arises primarily from cash and bank balances, trade and other receivables and related company (outside the Group) balances.

The Group has credit-control policies on credit sales, and the exposure to credit risk is monitored on a continuous basis through periodic review of the receivables' aging. Credit evaluations are performed on all customers and are reviewed annually. Credit terms and limits are assigned based on the financial strength of the customers; and where deemed appropriate, corporate guarantees and personal indemnities are obtained from customers.

At the reporting date, the Group has significant concentration of credit risk in its trade receivables where the top 10 corporate customers' outstanding of the Cold Rolled and the Steel Tube subsidiaries represent about 91% (2020: 86%) and 55% (2020: 59%) of their respective trade receivables. The Company has no other significant concentration of credit risk except for amounts due from subsidiaries. At the reporting date, the Group has 3 (2020: 2) external customers that contributes to more than 10% of the respective subsidiaries' revenue. The revenue contributed by the said customers amounted to RM161.1 million (2020: RM105.2 million). Nevertheless, management obtains corporate guarantees and personal indemnities from trade debtors where possible in managing exposure to credit risk.

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(CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

The Group's and the Company's major classes of financial assets are as disclosed in Note 35 to the financial statements. The Group and the Company have four types of financial instruments that are subject to the Expected Credit Loss ("ECL") model under MFRS 9:

- Trade receivables
- Other receivables
- Intercompany balances
- Financial guarantee contracts

Whilst cash and cash equivalents and derivative financial assets placed with licensed financial institutions are also subject to the impairment requirements of MFRS 9, the credit risks and any impetus for credit impairment has been determined to be immaterial. Credit risk measurement with regards to the mentioned categories of financial instruments are as below.

(i) Trade receivables

The Group adopts MFRS 9 prescribed 'simplified approach' in measuring ECL which estimates a lifetime expected credit loss allowance for all trade receivables. Information on the Group's accounting policy on impairment of trade receivables using the 'simplified approach' basing on aging brackets in estimating ECL is disclosed in Note 2(g) to the financial statements. However, for the current financial year end, the Group has taken additional steps to assess the credit position of trade-debtors affected by the multi-states FMCO mandatory shutdown and has extended time allowance for trade-debt settlement where required. In this regard, situational modification to the 'simplified approach' in estimating ECL was made.

(ii) Other receivables, intercompany balances and financial guarantee contracts

The Group and the Company uses four categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group and the Company's expected credit loss is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime on an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation.	Lifetime expected losses
Non-performing	There is evidence indicating the assets are credit-impaired.	Lifetime expected losses
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL, by considering the likelihood that the debtor would not be able to repay during the contractual period, the percentage of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. In addition, forward looking information such as the macroeconomic conditions has been incorporated into the determination of expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(ii) Other receivables, intercompany balances and financial guarantee contracts (continued)

For the Group and the Company's intercompany balances that are repayable on demand, the calculation of ECL is based on the following assumptions:

- If the borrower has sufficient accessible highly liquid assets to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial;
- If the borrower could not repay the loan if demanded at the reporting date, the Group and the Company considers the expected manner of recovery to measure the ECL. The recovery manner could be either through 'repayment over time' or a fire sale of less liquid assets by the borrower; and
- If the recovery strategies indicate that the Group and the Company would fully recover the outstanding balance of the loan, the ECL would be limited to the effect of the discounting of the amount due on the loan, at the loan's effective interest rates, over the period until the amount is fully recovered.

The Group's collateral at the end of the reporting period for its financial instruments is summarised as follows:

	Net exposure RM	Collateral and credit enhancement RM	Maximum exposure/ (net of impairment) RM
2021			
Trade receivables	6,496,759	32,423,865	38,920,624
Other receivables and staff loans	562,487	-	562,487
Refundable deposits	1,742,149	-	1,742,149
Amounts owing by related companies	1,200	-	1,200
Derivative financial assets	2,019,630	-	2,019,630
	10,822,225	32,423,865	43,246,090
2020			
Trade receivables	25,358,451	45,714,722	71,073,173
Other receivables and staff loans	991,022	-	991,022
Refundable deposits	1,017,306	-	1,017,306
Amounts owing by related companies	44,896	-	44,896
Derivative financial assets	2,122,531	-	2,122,531
	29,534,206	45,714,722	75,248,928

Certain trade receivables of the Group are secured by financial guarantees given by corporates, shareholders or Directors of the receivables. There were no instances during the financial year whereby loss allowances were not recognised due to the utilisation of these collaterals and credit enhancements

The Company's maximum exposure to credit risk for each class of financial assets is the carrying amount of each class of financial assets presented in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Financial assets that are impaired

Movement of the Group's allowance for impairment of trade and other receivables and amounts owing by related companies is as follows:

GROUP	Trade receivables (Note 17) RM	Other receivables (Note 17) RM	Amounts owing by related companies (Note 20) RM	Total RM
1 July 2020	375,606	219,800	745,994	1,341,400
Allowance for impairment during the financial year	42,538	-	-	42,538
30 June 2021	418,144	219,800	745,994	1,383,938
1 July 2019	269,712	219,800	-	489,512
Allowance for impairment during the financial year	127,305	-	745,994	873,299
Write-off	(21,411)	-	-	(21,411)
30 June 2020	375,606	219,800	745,994	1,341,400

For the financial year, two trade debtors of the Steel Tube Subsidiary were determined to be non-performing, in default and credit impaired. Accordingly, ECL (lifetime expected losses) of RM42,538 was recorded.

No major ECL was deemed required other than the aforementioned.

No allowance for impairment of trade and other receivables and intercompany balance have been recognised by the Company during the financial year or in the preceding financial year.

(d) Interest rate risk

Interest rate risk is the risk that the future cash flows and/or fair valuations of the Group's and the Company's interest-bearing financial instruments will be negatively impacted due to fluctuation in market interest rates. The Group's objective in interest rate risk management is to achieve a balance between re-pricing risks and minimising its weighted average borrowing cost.

The Group's interest-bearing financial instruments are mainly its borrowings which comprise of both floating rate term loan instruments, and fixed rate trade and credit instruments (utilised to finance raw coil material purchases and credit sales). The floating rate loan instrument is subjected to revision of the lender's cost of funds in computing the interest rate. The short-term fixed rate trade and credit instruments are subject to re-pricing upon frequent rollover every 3 to 4 months.

Bank Negara Malaysia has maintained the Overnight Policy Rate (OPR) at 1.75% since the last cut of 25 basis points on 7 July 2020.

The Directors of the Company are of the view that the prevailing low interest rate environment will persist in the short-to-mid-term and may possibly rise gradually in tandem with the pace of economic recovery- although this remains uncertain at this juncture.

The Group also has interest-earning financial asset instruments which comprised mainly of fixed interest-bearing short-term deposits subject to frequent re-pricing. Similarly, the Group recorded lower interest income from these. Neither the Group nor the Company holds any interest-rate derivatives during and at the close of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Interest rate risk (continued)

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

	2021 RM	2020 RM
<u>Current</u>		
Fixed rate borrowings, denominated in RM	52,148,805	37,889,118
Floating rate borrowings, denominated in RM	7,807,285	7,568,969
Fixed rate credit from supplier, denominated in RM (Note 23)	-	26,362,804
<u>Non-current</u>		
Fixed rate borrowings, denominated in RM	220,960	1,279,766
Floating rate borrowings, denominated in RM	27,243,916	27,237,915
	87,420,966	100,338,572

The risk impact for the floating rate financial liability instruments had the overall interest rates being 1% higher, is that the Group's profit after tax for financial year 2021 would decrease by RM266,389 (2020: loss after tax increase by RM264,532). A 1% lower interest rate would have the equal but opposite effect to the aforementioned amounts. There is no risk impact to the Company as the borrowings are all fixed rate borrowings.

(e) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fluctuation of foreign exchange ("FX") rates may negatively impact fair value or future cash flows of financial instruments in currencies other than its own functional currency. The Group's foreign currency exchange risk management objective is to minimise foreign currency exposure on financial instruments that may give rise to fluctuations in fair values or future cash flows.

As a policy, the Group would seek natural hedging methods to mitigate its FX exposure before incepting any derivative as a hedging instrument. The Group mainly uses forward exchange contracts to hedge its foreign currency risk.

The Group's Cold Rolled and Steel Tube operations' revenue stream are mainly denominated in their Ringgit Malaysia functional currency, whilst their raw material coils procurement are mostly imported from abroad denominated in USD. The Steel Tube operations also derive a small portion of its revenue (around 7%) from export sales denominated mainly in SGD. In summary, the Group FX exposure is mainly in USD-short and to a lesser extent SGD-long.

The Group's Cold Rolled and Steel Tube subsidiaries accept forward orders from their customers, and these forward orders are priced using appropriate reference forward market FX rates on its cost components which utilise imported raw materials. The Group would hedge at least 80% of its purchase commitment/order with a matching FX forward contract (depending on the availability of limited FX facilities with the counterparty banks, and on the forward duration period) to facilitate future payment in that foreign currency. In this regard, the Group designates qualifying FX hedges for fair value hedge accounting over the reporting period on effective FX forwards incepted to hedge the Group's USD exposure arising from its imported raw materials. On Steel Tube's affirmed export sales in foreign currencies, the Group would sell forward around 25% of its future foreign currency receivables mostly in SGD. But these FX forwards are usually not hedge accounted as they do not fulfil all the criteria for hedge accounting, but are fair valued through profit or loss.

FX was particularly volatile throughout the current financial year. The Ringgit strengthened against the USD by more than 229 basis points in the 1st half of the financial year on improving outlook and US inflation-fear before falling-off by more than 140 basis points in the 2nd half of the financial year on resurgence of COVID-19 infection and the nation going into FMCO lockdown in June 2021. The Group's FX risk management activities have significantly hedged against FX volatility over the current financial year as shown in the table below. Further disclosures are made in Note 21 on derivatives.

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(CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

A summary of the realised and unrealised gain/(loss) from incepted hedging instruments (being foreign exchange forwards) and the hedged items (being receivables or payables in foreign currencies) over the twelve months period for the current and the preceding financial year as comparison are outlined below:

FX fair value	2021			2020		
	Unrealised RM'000	Realised RM'000	Total RM'000	Unrealised RM'000	Realised RM'000	Total RM'000
<u>FX hedging instrument</u>						
Not hedge accounted	(3)	7	4	(7)	15	8
Hedge accounted	2,020	(5,123)	(3,103)	2,122	916	3,038
	2,017	(5,116)	(3,099)	2,115	931	3,046
<u>FX hedged items</u>						
Not hedge accounted	(22)	178	156	109	(325)	(216)
Hedge accounted	(2,020)	5,123	3,103	(2,122)	(916)	(3,038)
	(2,042)	5,301	3,259	(2,013)	(1,241)	(3,254)
Net FX gain/(loss)	(25)	185	160	102	(310)	(208)

Details of the Group's foreign currencies exposure in its Ringgit Malaysia functional currency as at the reporting date (and preceding financial year's reporting date) are set out in the respective tables below:

	From USD	From SGD	Total
<u>As at 30 June 2021</u>			
<u>Financial assets</u>			
Trade and other receivables	23,599	4,643,190	4,666,789
Cash and bank balances	368,657	1,616,213	1,984,870
	392,256	6,259,403	6,651,659
<u>Less: Financial liabilities</u>			
Trade and other payables	(105,891,643)	-	(105,891,643)
Net financial (liabilities)/assets	(105,499,387)	6,259,403	(99,239,984)
<u>Off balance sheet</u>			
Contracted commitments	(113,555,524)	-	(113,555,524)
Less: Forward foreign currency contracts at notional value at closing rate	198,067,749	(648,207)	197,419,542
Net currency exposure	(20,987,162)	5,611,196	(15,375,966)

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

Details of the Group's foreign currencies exposure in its Ringgit Malaysia functional currency as at the reporting date (and preceding financial year's reporting date) are set out in the respective tables below: (continued)

	From USD	From SGD	Total
As at 30 June 2020			
<u>Financial assets</u>			
Trade and other receivables	18,042	3,261,277	3,279,319
Cash and bank balances	117,446	1,565,870	1,683,316
	135,488	4,827,147	4,962,635
<u>Less: Financial liabilities</u>			
Trade and other payables	(100,317,441)	-	(100,317,441)
Net financial (liabilities)/assets	(100,181,953)	4,827,147	(95,354,806)
<u>Off balance sheet</u>			
Contracted commitments	(16,194,656)	-	(16,194,656)
Less: Forward foreign currency contracts at notional value at closing rate	102,539,555	(1,199,676)	101,339,879
Net currency exposure	(13,837,054)	3,627,471	(10,209,583)

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

The following table demonstrates the sensitivity of the Group's profit after tax (2020: loss after tax) to a reasonably possible change in the US Dollar ("USD") and Singapore Dollar ("SGD") exchange rates against RM, with all other variables in particular interest rates held constant.

	Increase/(Decrease)	
	In Profit 2021 RM	In Loss 2020 RM
GROUP		
RM appreciates against USD by 2% (2020: 3%)	319,005	(315,485)
RM appreciates against SGD by 2% (2020: 3%)	(85,290)	82,706

A 2% (2020: 3%) depreciation of the foreign exchange rate would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

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5 FAIR VALUE

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade intercompany balances). The fair value determination for other financial assets and liabilities may require the application of certain valuation methods.

Fair value estimation

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group's financial assets/(liabilities) that are measured at fair value at the reporting date:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<u>30 June 2021</u>				
<u>Financial asset</u>				
Derivative financial assets	-	2,019,630	-	2,019,630
<u>Financial liability</u>				
Derivative financial liabilities	-	(3,282)	-	(3,282)
<u>30 June 2020</u>				
<u>Financial asset</u>				
Derivative financial assets	-	2,122,531	-	2,122,531
<u>Financial liability</u>				
Derivative financial liabilities	-	(8,301)	-	(8,301)

The fair value of financial instruments that are not traded in an active market, such as those foreign currency exchange forward contracts held by the Group at the close of the financial year, is determined by way of marking-to-market the underlying variable using published market rates or as quoted by counterparty financial institutions and with the resulting value discounted back to present value if the maturity tenure is material. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates, and is classified under Level 2. Those foreign currency exchange forward contracts with marked-to-market positive fair value is classified as derivative financial assets, whilst those with marked-to-market negative fair value is classified as derivative financial liabilities.

Neither the Group nor the Company holds any financial assets or liabilities where fair values are assessed at Level 1 and Level 3.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

6 REVENUE

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers:				
- Sale of goods	724,564,318	594,153,103	-	-
- Processing service income	12,108,486	1,948,287	-	-
- Management fees income	-	-	4,170,296	3,274,810
	736,672,804	596,101,390	4,170,296	3,274,810

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

	GROUP			Total
	At a point-in-time		Over time	
	Local RM	Abroad RM	Local RM	RM
<u>2021</u>				
Sale of steel products				
- Cold rolled coils	441,867,523	-	-	441,867,523
- Steel tube and pipes	251,889,846	18,702,500	-	270,592,346
- Scraps	12,104,449	-	-	12,104,449
Processing service income	-	-	12,108,486	12,108,486
	705,861,818	18,702,500	12,108,486	736,672,804
<u>2020</u>				
Sale of steel products				
- Cold rolled coils	379,547,954	3,564,660	-	383,112,614
- Steel tube and pipes	180,271,935	21,167,166	-	201,439,101
- Scraps	9,601,388	-	-	9,601,388
Processing service income	-	-	1,948,287	1,948,287
	569,421,277	24,731,826	1,948,287	596,101,390

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(CONTINUED)

6 REVENUE (CONTINUED)

	COMPANY	
	Over time RM	Total RM
<u>2021</u>		
Management fees income	4,170,296	4,170,296
<u>2020</u>		
Management fees income	3,274,810	3,274,810

There were no costs incurred to obtain contracts with customers.

7 FINANCE INCOME AND COSTS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Finance income:				
Interest on deposits with financial institutions	1,166,789	1,313,525	1,583	86,524
Finance costs:				
Interest expenses on:				
- borrowings	3,289,101	5,418,047	-	-
- suppliers' credit	200,238	1,102,823	-	-
- hire-purchase	152,067	273,989	22,659	22,659
- lease liabilities ^{*(a)}	643,340	749,779	-	-
	4,284,746	7,544,638	22,659	22,659
Less: Interest expense capitalised in property, plant and equipment (Note 12)	(306,593)	(414,781)	-	-
Total finance costs	3,978,153	7,129,857	22,659	22,659

^(a) This is an implicit interest charge on lease liabilities representing the discounted lease commitment streams over the remaining term of the leases pursuant to the adoption of MFRS 16. See Note 13.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

8 PROFIT/(LOSS) BEFORE TAX

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax is arrived at after charging/ (crediting):				
Auditors' remuneration:				
- statutory audit	370,200	356,300	135,700	130,580
- non-audit services	28,800	13,360	13,800	13,360
Changes in inventories of finished goods and work in progress	(1,537,085)	(3,501,685)	-	-
Raw materials consumed	582,620,041	516,978,184	-	-
Consumables (inventories) consumed	14,443,527	13,889,110	-	-
Property, plant and equipment (Note 12):				
- depreciation	14,444,978	14,193,989	105,339	105,339
- (gain)/loss on disposals	(67,858)	7,382	-	-
- impairment	4,342,858	2,412,770	-	-
Compensation received for acquisition of land by government	-	(340,611)	-	-
Depreciation on right-of-use assets ^{*(a)}	3,424,998	3,388,518	-	-
Impairment of receivables (Note 4(c))	42,538	873,299	-	-
Maintenance of plant and machinery	8,941,867	7,517,644	-	-
Shutdown overheads ^{*(b)}	3,696,210	3,634,276	-	-
Amortisation on deferred income (Note 26)	(63,542)	-	-	-
Staff costs (excluding remuneration of Executive Directors):				
- salaries, bonuses and allowances	29,019,977	25,435,371	1,326,650	1,113,541
- defined contribution plan	3,548,593	3,440,788	191,485	172,831
- others	1,170,902	1,337,755	93,588	108,693
Wages subsidy ^{*(c)}	(577,200)	(578,800)	(11,400)	(9,600)
Insurance Claim Recovery ^{*(d)}	(2,537,473)	-	-	-
Net unrealised loss/(gain) on foreign exchange (Note 4(e))	24,863	(101,778)	-	-
Net realised (gain)/loss on foreign exchange (Note 4(e))	(184,683)	309,910	-	-

^(a) The rental expense on the rented land and buildings deemed as an operating lease is now represented through the depreciation of the rights-of-use assets on the aforementioned lease and the implicit interest charge on the corresponding lease liabilities. (See Note 13).

^(b) The Group incurred RM3,696,210 (2020: RM3,634,276) of unabsorbed factories' fixed overheads and direct labour costs during the mandatory COVID-19 shutdown period of 4 weeks (2020: 6 weeks) where production capacity was incapacitated.

^(c) The Group received wage subsidy aid under the Prihatin Perkoso Program Subsidi Upah 1.0 & 2.0 pursuant to the COVID-19 pandemic.

^(d) One of the steel operations had a major equipment failure incident which affected net income due to business interruption and rectification cost outlay. A successful insurance claim on its 'machine breakdown and consequential-loss policy' was made.

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

9 DIRECTORS' REMUNERATION

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-Executive Directors:				
- fees	319,414	370,355	319,414	370,355
- other emoluments	37,949	38,500	37,949	38,500
- estimated monetary value of benefits-in-kind	-	5,417	-	5,417
Executive Directors:				
- salaries, bonuses and other emoluments	2,876,653	2,254,020	818,768	325,000
- defined contribution plan	431,500	342,981	122,817	48,750
- estimated monetary value of benefits-in-kind	69,630	89,682	28,000	48,500
	3,735,146	3,100,955	1,326,948	836,522

The number of Directors whose total remuneration fall within the following bands are as follows:

	Number of Directors			
	Executive		Non-Executive	
	2021	2020	2021	2020
<u>Range of remuneration</u>				
Nil	-	-	-	-
RM1 to RM50,000	-	-	-	-
RM50,001 to RM100,000	-	-	6	7
RM950,001 to RM1,000,000	1	1	-	-
RM2,400,001 to RM2,450,000	1	1	-	-
	2	2	6	7

10 TAXATION

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Current Malaysian tax:				
- current tax expense	7,950,238	1,619,594	184,210	202,129
- over provision in prior financial year	(262,680)	(173,369)	-	-
	7,687,558	1,446,225	184,210	202,129
Deferred tax: (Note 25)				
- origination and reversal of temporary differences	9,542,940	(2,424,941)	-	-
- tax losses and allowances (recognised)/not recognised as deferred tax assets	(2,734,056)	994,174	-	-
Tax expense	14,496,442	15,458	184,210	202,129

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

10 TAXATION (CONTINUED)

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax	68,314,612	(10,546,135)	321,894	348,203
Tax calculated at the Malaysian tax rate of 24% (2020: 24%)	16,395,507	(2,531,072)	77,255	83,569
Tax effects of:				
- expenses not deductible for tax purposes	1,645,556	2,195,021	106,955	139,326
- income not subject to tax	(547,885)	(469,296)	-	(20,766)
- over provision in prior financial year	(262,680)	(173,369)	-	-
- tax losses and allowances (recognised)/not recognised as deferred tax assets (Note 25)	(2,734,056)	994,174	-	-
Tax expense	14,496,442	15,458	184,210	202,129

11 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

	GROUP	
	2021	2020
Net profit/(loss) attributable to equity holders of the Company (RM)	53,818,170	(10,561,593)
Weighted average number of ordinary shares	327,057,599	327,057,599
Basic earnings/(loss) per share (sen)	16.46	(3.23)

(b) Diluted earnings/(loss) per share

Diluted EPS/LPS is calculated to be equal to basic EPS/LPS since the issued and listed warrants are in an anti-dilutive position given that its exercisable price (at 60 sen) is above the listed market price of the mother share at the close of the current (and previous) financial year.

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12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Construction in progress RM	Spare parts RM	Total RM
GROUP								
<u>Cost/Valuation</u>								
At 1 July 2020								
- cost	-	-	-	3,359,560	6,122,143	11,869,542	173,985	21,525,230
- valuation	60,000,000	55,300,000	200,254,018	-	-	-	-	315,554,018
	60,000,000	55,300,000	200,254,018	3,359,560	6,122,143	11,869,542	173,985	337,079,248
Additions	-	20,440	5,495,977	31,500	168,339	9,235,454	-	14,951,710
Disposals	-	-	(908,955)	(164,472)	(5,631)	-	-	(1,079,058)
Write offs	-	-	(391,328)	(2,549)	(2,473)	-	-	(396,350)
Reclassification	-	93,082	476,977	-	71,317	(639,375)	(2,001)	-
Revaluation during the financial year	5,000,000	790,522	1,929,698	-	-	-	-	7,720,220
Effects of elimination of accumulated depreciation on revaluation	-	(2,204,044)	(10,494,843)	-	-	-	-	(12,698,887)
At 30 June 2021	65,000,000	54,000,000	196,361,544	3,224,039	6,353,695	20,465,621	171,984	345,576,883
<u>Less: Accumulated depreciation</u>								
At 1 July 2020	-	-	-	1,091,171	2,895,814	-	-	3,986,985
Charge for the financial year	-	2,204,044	11,298,913	359,220	582,801	-	-	14,444,978
Disposals	-	-	(800,356)	(76,068)	(5,631)	-	-	(882,055)
Write offs	-	-	(3,714)	(2,549)	(2,473)	-	-	(8,736)
Effects of elimination of accumulated depreciation on revaluation	-	(2,204,044)	(10,494,843)	-	-	-	-	(12,698,887)
At 30 June 2021	-	-	-	1,371,774	3,470,511	-	-	4,842,285
<u>Less: Accumulated impairment losses</u>								
At 1 July 2020	-	-	21,880,656	-	-	-	-	21,880,656
Charge for the financial year	-	-	4,340,146	2,385	327	-	-	4,342,858
Write offs	-	-	(387,614)	-	-	-	-	(387,614)
At 30 June 2021	-	-	25,833,188	2,385	327	-	-	25,835,900
Net book value	65,000,000	54,000,000	170,528,356	1,849,880	2,882,857	20,465,621	171,984	314,898,698
Representing:								
- cost	-	-	-	1,849,880	2,882,857	20,465,621	171,984	25,370,342
- valuation	65,000,000	54,000,000	170,528,356	-	-	-	-	289,528,356
	65,000,000	54,000,000	170,528,356	1,849,880	2,882,857	20,465,621	171,984	314,898,698

Included in the Group's additions to property, plant and equipment is finance cost amounting to RM306,593 capitalised at an average capitalisation rate of 4.48% for the financial year ended 30 June 2021.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Construction in progress RM	Spare parts RM	Total RM
GROUP								
<u>Cost/Valuation</u>								
At 1 July 2019								
- cost	-	-	-	3,468,610	5,441,914	6,422,909	642,521	15,975,954
- valuation	60,000,000	57,500,000	188,529,816	-	-	-	-	306,029,816
	60,000,000	57,500,000	188,529,816	3,468,610	5,441,914	6,422,909	642,521	322,005,770
Additions	-	-	2,058,148	-	298,889	28,809,603	-	31,166,640
Disposals	-	-	(44,000)	(109,050)	-	-	-	(153,050)
Write offs	-	-	(3,370,595)	-	(8,550)	-	-	(3,379,145)
Reclassification	-	13,956	23,427,660	-	389,890	(23,362,970)	(468,536)	-
Revaluation during the financial year	-	(19,899)	469,541	-	-	-	-	449,642
Effects of elimination of accumulated depreciation on revaluation	-	(2,194,057)	(10,816,552)	-	-	-	-	(13,010,609)
At 30 June 2020	60,000,000	55,300,000	200,254,018	3,359,560	6,122,143	11,869,542	173,985	337,079,248
<u>Less: Accumulated depreciation</u>								
At 1 July 2019	-	-	-	763,026	2,372,026	-	-	3,135,052
Charge for the financial year	-	2,194,057	11,099,381	368,213	532,338	-	-	14,193,989
Disposals	-	-	-	(40,068)	-	-	-	(40,068)
Write offs	-	-	(282,829)	-	(8,550)	-	-	(291,379)
Effects of elimination of accumulated depreciation on revaluation	-	(2,194,057)	(10,816,552)	-	-	-	-	(13,010,609)
At 30 June 2020	-	-	-	1,091,171	2,895,814	-	-	3,986,985
<u>Less: Accumulated impairment losses</u>								
At 1 July 2019	-	-	22,555,652	-	-	-	-	22,555,652
Charge for the financial year	-	-	2,412,770	-	-	-	-	2,412,770
Write offs	-	-	(3,087,766)	-	-	-	-	(3,087,766)
At 30 June 2020	-	-	21,880,656	-	-	-	-	21,880,656
Net book value	60,000,000	55,300,000	178,373,362	2,268,389	3,226,329	11,869,542	173,985	311,211,607
Representing:								
- cost	-	-	-	2,268,389	3,226,329	11,869,542	173,985	17,538,245
- valuation	60,000,000	55,300,000	178,373,362	-	-	-	-	293,673,362
	60,000,000	55,300,000	178,373,362	2,268,389	3,226,329	11,869,542	173,985	311,211,607

Included in the Group's additions to property, plant and equipment is finance cost amounting to RM414,781 capitalised at an average capitalisation rate of 5.31% for the financial year ended 30 June 2020.

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(CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
COMPANY			
At 30 June 2021			
<u>Cost</u>			
At 1 July 2020/30 June 2021	1,053,393	180,512	1,233,905
<u>Less: Accumulated depreciation</u>			
At 1 July 2020	280,983	180,512	461,495
Charge for the financial year	105,339	-	105,339
At 30 June 2021	386,322	180,512	566,834
<u>Net book value</u>			
At 30 June 2021	667,071	-	667,071
At 30 June 2020			
<u>Cost</u>			
At 1 July 2019/30 June 2020	1,053,393	180,512	1,233,905
<u>Less: Accumulated depreciation</u>			
At 1 July 2019	175,644	180,512	356,156
Charge for the financial year	105,339	-	105,339
At 30 June 2020	280,983	180,512	461,495
<u>Net book value</u>			
At 30 June 2020	772,410	-	772,410

(a) Valuation of certain property, plant and equipment and an ROU asset

Freehold land, buildings, plant, machinery and electrical installation of the Group were revalued in the financial year ended 30 June 2021 by an independent firm of professional valuers, C H Williams Talhar & Wong Sdn Bhd, based on adjusted market comparison and depreciated replacement costs method respectively in ascertaining their fair values. The leasehold-land classified as ROU asset continues to be measured using the same revaluation model by the aforementioned valuer-firm.

Arising from the valuation above, the total revaluation gain on property, plant and equipment amounting to RM7,720,220 (2020: RM449,642) and revaluation gain on ROU asset (Note 13) amounting to RM1,873,372 (2020: RM366,998) were recognised during the financial year, with a corresponding revaluation reserve, adjusted for deferred tax, amounting to RM7,991,129 (2020: RM628,832) been recognised in the other comprehensive income. Arising from the same valuation, there was also a revaluation loss on plant, machinery and electrical installation which resulted in the recognition of a net impairment charge of RM4,340,146 (2020: RM2,412,770) on the statement of comprehensive income.

The Acid Regeneration Plant (ARP) construction, which has been significantly delayed due to the COVID-19 curbs, was near completion at the close of the current financial year and remained classified under 'Construction in Progress'. The ARP's 'start-up and commissioning' was only concluded on 15 July 2021 in the next financial year due to the FMCO lockdown.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Valuation of certain property, plant and equipment and an ROU asset (continued)

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

		ARP RM	Others RM	Total RM
<u>2021</u>				
As at 1 July 2020		11,189,964	679,578	11,869,542
Additions during the year		8,791,712	443,742	9,235,454
Reclassification		-	(639,375)	(639,375)
As at 30 June 2021		19,981,676	483,945	20,465,621
Budgeted cost to completion		76%		
	CPL RM	ARP RM	Others RM	Total RM
<u>2020</u>				
As at 1 July 2019	3,612,113	2,314,063	496,733	6,422,909
Additions during the year	19,347,011	8,875,901	586,691	28,809,603
Reclassification	(22,959,124)	-	(403,846)	(23,362,970)
As at 30 June 2020	-	11,189,964	679,578	11,869,542
Budgeted cost to completion	84%	53%		

Property, plant and equipment amounting to RM314,231,628 (2020: RM310,439,197) of the steel subsidiaries are pledged for banking facilities.

At the close of the current financial year, the fair value of 'Buildings' and 'Plant, Machinery & Electrical Installation' located on leasehold land and rented properties classified under ROU totals to RM24,290,000 (2020: RM38,400,000).

The net book values of the revalued property, plant and equipment that would have been included in the financial statements had these assets been carried at deemed costs less accumulated depreciation are as follows:

	GROUP	
	2021 RM	2020 RM
Land	31,300,000	31,300,000
Buildings	49,962,150	52,571,360
Plant, machinery and electrical installation	178,255,278	186,409,387
	259,517,428	270,280,747

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(CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Valuation of certain property, plant and equipment and an ROU asset (continued)

The fair value of certain property, plant and equipment and an ROU asset are individually determined periodically, with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date. The valuers have relied on the following methodologies:

- (i) Freehold land, leasehold land – adjusted market comparison by reference to observable prices per square foot in an active market or recent market transactions on arm's length terms (Level 3).
- (ii) Building and plant, machinery and electrical installation – depreciated replacement cost method, which is based on the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (Level 3).

The valuers have considered the impact of COVID-19 when determining the fair values of the abovementioned assets.

(b) Asset acquired under hire-purchase arrangements

There were no assets acquired by means of hire-purchase for the preceding and current financial year.

As at 30 June 2021, the net book value of the property, plant and equipment under hire-purchase arrangements in the Group and Company is RM5,215,396 (2020: RM7,278,841) and RM514,360 (2020: RM586,975) respectively.

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

	2021 RM	2020 RM
<u>Plant, machinery and electrical installation</u>		
Opening balance	178,373,362	165,974,164
Additions	5,495,977	2,058,148
Disposals	(108,599)	(44,000)
Write-offs	-	-
Revaluation during the financial year	1,929,698	469,541
Impairment charge for the financial year	(4,340,146)	(2,412,770)
Depreciation charged during the year	(11,298,913)	(11,099,381)
Transfer from construction-in-progress	476,977	23,427,660
Closing balance	170,528,356	178,373,362

The following table presents the valuation techniques and key inputs that were used to determine the fair value of plant, machinery and electrical installation categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 30 June 2021 RM	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	170,528,356	Depreciated replacement cost method	Useful life of 18 years	The longer the useful life, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

The external valuation of the Level 3 plant, machinery and electrical installation have been performed using depreciated replacement cost approach. The external valuer, in discussion with the Group's management, has determined the unobservable input based on the useful life of the plant, machinery and electrical installation.

As at 30 June 2021, if the unobservable input based on the useful life of the plant, machinery and electrical installation increase/(decrease) by one year, the fair value of the plant, machinery and electrical installation would increase/(decrease) by approximately RM11.3 million (2020: RM11.1 million) respectively.

	2021 RM	2020 RM
<u>Land and building</u>		
Opening balance	115,300,000	117,500,000
Additions	20,440	-
Revaluation during the financial year	5,790,522	(19,899)
Depreciation charged during the year	(2,204,044)	(2,194,057)
Transfer from construction-in-progress	93,082	13,956
Closing balance	119,000,000	115,300,000

The unobservable inputs used to determine the fair value of land, which includes leasehold land classified under ROU assets, is the adjusted price per square foot ("psf") (ranging from RM84 to RM117 psf) which are adjusted by key attributes such as property size and location. The higher the price per square foot, the higher the fair value of the subject property.

The unobservable inputs used to determine the fair value of buildings is the adjusted depreciated building cost per square foot ("psf") (ranging from RM32 to RM115 psf) which are adjusted by key attributes such as property size and building condition. The higher the cost per square foot, the higher the fair value of the subject property.

In assessing the reasonableness of the fair value of land, building, plant, machinery and electrical installation that has been determined by the external valuer, management had separately assessed these plant, machinery and electrical installation as separate Cash-Generating Units ("CGU's"). Management had determined the recoverable amount of these plant, machinery and electrical installation based on the discounted cash flows of the CGU's using the value-in-use ("VIU") model which was built based on the expected value method.

It was determined that no impairment was necessary as the indicative recoverable amount is higher than its carrying amount.

The VIU assessments included the following key assumptions:

Assumption	2021 rates		2020 rates	
	MCRC	MST	MCRC	MST
Projection period	27 years	18 years	25 years	18 years
Pre-tax discount rate	9.5%	9.5%	9.5%	9.5%
Sales volume growth rate	0% - 3%	0% - 3%	2% - 4%	1% - 3%

The Directors and management have considered and assessed reasonable variations in the underlying key assumptions used in the computation of the recoverable amount and is satisfied with the headroom of the CGU's recoverable amount over its carrying amount.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
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13 LEASES

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

		Right-of-use ('ROU') assets		Lease liabilities	
Financial year ended	Note	2021 RM	2020 RM	2021 RM	2020 RM
<u>Opening carrying value:</u>					
Leasehold land	(a)	21,500,000	21,500,000	-	-
Rented properties	(b)	11,582,493	14,604,013	11,453,932	14,150,013
Total		33,082,493	36,104,013	11,453,932	14,150,013
<u>Changes to ROU</u>					
Revaluation of leasehold land	(c)	1,873,372	366,998		
Depreciation (Note 8)	(d)				
- Leasehold land		(373,372)	(366,998)		
- Rented properties		(3,051,626)	(3,021,520)		
		(3,424,998)	(3,388,518)		
Effect of lease modification	(b)	10,148,355	-		
Total		8,596,729	(3,021,520)		
<u>Changes to lease liabilities</u>					
Interest expense (Note 7)	(e)			643,340	749,779
Interest payments	(f)			(643,340)	(749,779)
Lease payments	(f)			(2,802,519)	(2,696,081)
Effect of lease modification on rented properties	(b)			10,148,355	-
COVID-19 rent concession	(b)			(45,945)	-
Total				7,299,891	(2,696,081)
<u>Closing carrying value</u>					
Leasehold land		23,000,000	21,500,000	-	-
Rented properties		18,679,222	11,582,493	18,753,823	11,453,932
Total	(g)	41,679,222	33,082,493	18,753,823	11,453,932

Note:

- (a) The Group's Steel Tube subsidiary is the registered titled owner of a leasehold land on Lot 53, Persiaran Selangor, Shah Alam, on which its factory plant was erected. The property lessor is the Selangor State Government and has a remaining leasehold period of 57 years (Lease expiry date: 22 May 2078). There is no corresponding lease liability payable to the lessor. This leasehold land is pledged for a banking facility.

The net book value of this leasehold land that would have been included in the financial statements had this asset been carried at deemed costs less accumulated depreciation is RM18,424,294 (2020: RM18,749,908).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

13 LEASES (CONTINUED)

Note: (continued)

- (b) The Group's Steel Tube subsidiary rents two pieces of factory land and buildings from its ultimate holding company. As a tenant, the subsidiary does not have ownership rights to full 'risk and reward' of the property. The rental details are as follows:

Until 30 April 2021

Description	Monthly fixed rent RM	Deposits paid RM	Next expiry date	Next renewal option period
i) HSD 168510, Town of Shah Alam	189,750	300,000	30-Apr-2021	3 years
ii) Lot No.95 Sec 15, Town of Shah Alam	97,405	154,000	30-Apr-2021	3 years

From 1 May 2021

Description	Monthly fixed rent RM	Deposits paid RM	Next expiry date	Next renewal option period
i) HSD 168510, Town of Shah Alam	204,930	300,000	30-Apr-2024	3 years
ii) Lot No.95 Sec 15, Town of Shah Alam	105,197	154,000	30-Apr-2024	3 years

The lease liabilities are derived from the stream of fixed rent commitments over the remaining term of the tenancy with the economic assumption that the next renewal option is exercised, and discounted using the tenant or lessee's estimated incremental borrowing rate at 4.42% p.a. (previously at 5.8% p.a.). The ROU comprised of the lease liability sum adjusted for any prepayments and restoration cost where contractually applicable. These lease liabilities or ROU for rental properties are excluded from any financial covenant ratios computation unless the netting effect from both is included.

The impacting changes on ROU and lease liabilities resulting from the updated discount rate and increase in monthly fixed rent for the renewal period with effect from 1 May 2021 are reflected in the respective 'effect of lease modification'. The lessor granted a concession to defer the said rent increase by three months from May to July 2021 at the request of the lessee in wake of the FMCO shutdown. The practical expedient amount recognised to reflect changes in lease payment for current financial year for May to June 2021 is RM45,945.

- (c) This amount represents the revaluation gain on the leasehold land which is subjected to monthly depreciation based on its remaining lease life, and remeasured at fair value at Level 3 of the fair value hierarchy towards the close of the financial year. The assumptions used in the valuation of ROU assets is consistent with the assumptions used for land and building as disclosed in Note 12(c) to the financial statements.
- (d) This amount represents the depreciation of the ROU on straight-line basis over the term of the lease and assumed renewal period where applicable.
- (e) This amount represents the implicit effective interest charged on the carrying lease liabilities on a reducing balance monthly rest basis. This implicit interest expense - equivalent to the assumed discount rate used is excluded from any financial covenant ratios computation.
- (f) This amount represents the contractual rent payments for the rented properties which denotes as settlement of the amortised lease liabilities and corresponding implicit interest expense over the current financial year.

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(CONTINUED)

13 LEASES (CONTINUED)

Note: (continued)

- (g) The ROU asset is classified under non-current asset in the Statement of Financial Position, whilst the lease liabilities are segregated into current and non-current liabilities as follows.

	2021 RM	2020 RM
Current	2,951,930	2,856,678
Non-current	15,801,893	8,597,254
	18,753,823	11,453,932

There are no variable payment terms on the above leases. In cases where the Group is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

The Group does not have any lease arrangement to report as a 'Lessor'. The Company does not have any lease arrangement to report as a 'Lessee' nor 'Lessor'.

14 SUBSIDIARIES

	COMPANY	
	2021 RM	2020 RM
Unquoted shares, at cost		
- Mycron Steel CRC Sdn. Bhd. ("MCRC")	134,061,998	134,061,998
- Melewar Steel Tube Sdn. Bhd. ("MST")	55,201,472	55,201,472
Investments in subsidiaries, at cost	189,263,470	189,263,470
Amount owing by MCRC	32,704,630	32,704,630
	221,968,100	221,968,100

The amount owing by MCRC was reclassified as 'Investment in subsidiaries' since financial year 2009 as it is the intention of the Company to treat this amount as a long-term source of capital and not recall the amounts due from the Subsidiary for the next 12 months from the financial year end. Information about the exposure to credit risk is disclosed in Note 4(c) to the financial statements.

The details of the subsidiaries are as follows:

Name	Principal activities	Group's equity interest	
		2021 %	2020 %
Mycron Steel CRC Sdn. Bhd. ("MCRC")	Manufacturing and trading of steel cold rolled coils	100	100
Melewar Steel Tube Sdn. Bhd. ("MST")	Manufacturing and trading of steel tubes and pipes	100	100
<u>Subsidiary of MCRC</u>			
Silver Victory Sdn. Bhd.	Trading of steel related products	100	100

All subsidiaries are incorporated in Malaysia and are audited by PricewaterhouseCoopers PLT, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

14 SUBSIDIARIES (CONTINUED)

Investments in Mycron Steel CRC Sdn. Bhd. ("MCRC") and Melewar Steel Tube Sdn Bhd ("MST")

The cost of investment in MCRC amounting to RM134 million and the cost of investment in MST amounting to RM55 million have been assessed for impairment based on a value-in-use ("VIU") model which was built based on an expected value method to determine its recoverable amount. The indicative recoverable amount (based on its VIU) of the respective investments is higher than its carrying amount.

The VIU assessments were performed based on a 5-year cashflow projection extrapolated to perpetuity using a terminal growth rate which was based on the following key assumptions:

Assumption	Rates			
	2021		2020	
	MCRC	MST	MCRC	MST
Terminal growth rate	3%	3%	3%	3%
Pre-tax discount rate	10.43%	10.43%	13.99%	13.99%
Sales volume growth rate	0% - 3%	0% - 3%	2% - 4%	1% - 3%

The Directors and management have considered and assessed reasonable variations in the underlying key assumptions used in the computation of the recoverable amount and is satisfied with the headroom of the cost of investments' recoverable amount over its carrying amount.

15 INTANGIBLE ASSETS

The Group's intangible assets amounting to RM20 million represent the carrying amount of registered licences, patents and trademarks with the rights to use and sell under the licences, patents and trademarks of Aurora and MIG-Melewar which were acquired (from the ultimate holding company) and held by Melewar Steel Tube Sdn Bhd ("MST") since May 2014.

These licences, patents and trademarks are renewable perpetually at minimal cost. Accordingly, they are determined to have indefinite useful lives, and as such are not subjected to periodic amortisation but annual impairment tests. In this regard, an impairment test using Fair Value Less Cost To Sell ("FVLCTS"), determined by relief-from-royalty method was carried out. This valuation technique is categorised under Level 3 of the fair value hierarchy. A 5-years cash flow forecast has been performed which takes into consideration of the discounted estimated royalty payments that are expected to be avoided as a result of the trademarks being owned. It was determined that no impairment was necessary as the indicative recoverable amount is higher than its carrying amount.

The FVLCTS computation adopted the following assumptions:

Assumption	Rate		Approach used to determining value
	2021	2020	
Royalty in-lieu rate	1.19% of revenue	1.19% of revenue	Based on the agreed rate between seller and buyer, after taking into consideration of industry average rate
Pre-tax discount rate	9.50%	9.50%	Reflects the specific risk relating to the relevant industries and country in which the company operates
Growth rate	0%	0%	Conservative scenario

The Group has also performed a VIU assessment to determine the recoverable amount of the intangible assets as part of the Steel Tube's cash generating unit. The key assumptions applied in the said VIU assessment is disclosed in Note 12(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

16 INVENTORIES

	GROUP	
	2021 RM	2020 RM
Raw materials	160,069,419	93,903,866
Consumables	3,190,262	2,521,216
Work-in-progress	6,394,129	7,645,120
Finished goods	55,846,571	53,058,495
	225,500,381	157,128,697

Inventories expensed to 'cost of sales' during the current financial year amounted to RM595,526,483 (2020: RM527,365,609).

17 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Current</u>				
Trade receivables	39,338,768	71,448,779	-	-
Less: Accumulated impairment	(418,144)	(375,606)	-	-
	38,920,624	71,073,173	-	-
Other receivables	778,700	1,197,135	-	9,121
Less: Accumulated impairment	(219,800)	(219,800)	-	-
	558,900	977,335	-	9,121
Staff loans	3,587	13,687	-	-
Deposits	1,742,149	1,017,306	4,500	4,500
Prepayments	712,007	467,034	-	-
GST recoverable	-	1,946,419	-	2,773
	2,457,743	3,444,446	4,500	7,273
Total trade and other receivables	41,937,267	75,494,954	4,500	16,394

Information about the impairment and exposure to credit risk is disclosed in Note 4(c) to the financial statements.

18 AMOUNT OWING TO ULTIMATE HOLDING COMPANY

Amount owing to ultimate holding company is mainly due to payments on behalf and is unsecured, interest free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

19 AMOUNTS OWING BY/(TO) SUBSIDIARIES

Amounts owing by subsidiaries which arose mainly from management fee charges and reimbursable payments are unsecured, interest free and repayable upon demand.

The amounts owing to subsidiaries also include the balance of RM3.3 million owing to the Steel Tube subsidiary being the assumed debt as part of the purchase consideration for the acquisition of the former in April 2015. This amount owing is unsecured, interest free and repayable upon demand.

20 AMOUNTS OWING BY RELATED COMPANIES/(TO) A RELATED COMPANY

	GROUP	
	2021 RM	2020 RM
Amounts owing by related companies	747,194	790,890
Less: Accumulated impairment	(745,994)	(745,994)
	1,200	44,896

Amounts owing by related companies which arose solely from trade transactions are unsecured, interest free and subject to credit terms of 30 days (2020: 30 days). Amount owing to a related company which arose from both trade transactions and expenditures paid-on-behalf is unsecured, interest free and repayable upon demand.

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	GROUP			
	2021		2020	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
Forward foreign currency exchange contract – fair value through profit and loss (not designated)	321	(3,282)	987	(8,301)
Forward foreign currency exchange contract – fair value through profit and loss (designated)	2,019,309	-	2,121,544	-
	2,019,630	(3,282)	2,122,531	(8,301)

The Group's derivatives comprise solely of Currency Exchange Forward Contracts inceptioned to hedge its foreign currency exposures arising mainly from purchases of raw materials in USD and partially from export sales in SGD, as disclosed in Note 4(e) to the financial statements. These Currency Exchange Forward Contracts generally have a maturity period of less than 6 months and their fair values are classified under current assets/(liabilities) by way of marking-to-market.

Foreign currency hedges which meet qualifying criteria under MFRS 9 are designated on inception for fair value hedge accounting where the changes in fair value for both the hedge items and the hedge instruments are charged to the Statement of Comprehensive Income, and closing fair values are recognised in the Statement of Financial Position as either current financial assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

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

- (i) Derivatives designated and fair value hedge accounted

As at 30 June 2021

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or trade payables as hedge item				
Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value		Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Fair value	
			Financial assets RM	Financial liabilities RM				Financial assets RM	Financial liabilities RM
July 2021	16,498,500	4.1034	938,598	-	July 2021	16,498,500	4.1034	-	(938,598)
August 2021	13,674,000	4.1120	721,534	-	August 2021	13,674,000	4.1120	-	(721,534)
September 2021	11,632,000	4.1582	147,261	-	September 2021	11,632,000	4.1582	-	(147,261)
October 2021	812,000	4.1583	13,560	-	October 2021	812,000	4.1583	-	(13,560)
November 2021	4,922,000	4.1400	198,356	-	November 2021	4,922,000	4.1400	-	(198,356)
Total	47,538,500		2,019,309	-	Total	47,538,500		-	(2,019,309)

Net fair value gain from the hedging instruments of RM2.0 million and the corresponding net fair value loss from the hedged item of RM2.0 million are taken-up in the profit or loss.

As at 30 June 2020

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or trade payables as hedge item				
Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value		Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Fair value	
			Financial assets RM	Financial liabilities RM				Financial assets RM	Financial liabilities RM
July 2020	8,786,300	4.1807	966,692	-	July 2020	8,786,300	4.1807	-	(966,692)
August 2020	8,949,079	4.1896	945,507	-	August 2020	8,949,079	4.1896	-	(945,507)
September 2020	3,170,300	4.2440	185,543	-	September 2020	3,170,300	4.2440	-	(185,543)
October 2020	61,000	4.3060	-	-	October 2020	61,000	4.3060	-	-
November 2020	1,477,000	4.2980	8,419	-	November 2020	1,477,000	4.2980	-	(8,419)
December 2020	1,424,400	4.3011	15,383	-	December 2020	1,424,400	4.3011	-	(15,383)
Total	23,868,079		2,121,544	-	Total	23,868,079		-	(2,121,544)

Net fair value gain from the hedging instruments of RM2.1 million and the corresponding net fair value loss from the hedged item of RM2.1 million are taken-up in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(ii) Derivatives not designated and not hedge accounted

As at 30 June 2021

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value	
			Financial assets RM	Financial liabilities RM
July 2021	60,000	3.0573	-	(1,515)
August 2021	60,000	3.0682	-	(1,056)
September 2021	60,000	3.0772	-	(711)
October 2021	30,000	3.1030	321	-
Total	210,000		321	(3,282)

As at 30 June 2020

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value	
			Financial assets RM	Financial liabilities RM
July 2020	90,000	3.0346	210	(3,444)
August 2020	90,000	3.0000	213	(2,280)
September 2020	90,000	3.0482	-	(2,577)
October 2020	60,000	3.0851	291	-
November 2020	60,000	3.0878	273	-
Total	390,000		987	(8,301)

These derivatives were not hedge accounted primarily due to the late inception of these hedging instruments which gave rise to timing and basis-rate mismatch between the intended hedge items and the contracted FX-rate.

Besides the abovementioned unrealised marked-to-market position of the currency derivatives as at the close of the financial year, the Group has recorded a total realised net loss of around RM5.1 million (2020: gain of RM0.9 million) from its FX Forward Contracts with a corresponding realised net FX gain of RM5.3 million (2020: loss of RM1.2 million) on its hedge items over the current financial year. The Group's net gain/(loss) position on foreign exchange is disclosed in Note 8 to the financial statements.

22 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash in hand	3,890	2,350	2	2
Bank balances	8,703,267	7,119,941	416,526	259,704
Deposits with licensed financial institutions	82,224,019	27,432,589	-	290,000
	90,931,176	34,554,880	416,528	549,706

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

22 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	GROUP		COMPANY	
	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum
Bank balances	0.11	0.11	-	-
Deposits with licensed financial institutions	1.51	1.71	-	1.70

Bank balances are deposits held at call with licensed banks. The Group's and Company's deposits with licensed financial institutions have placement periods ranging between 1 and 69 days (2020: 1 and 53 days).

23 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	107,681,470	127,488,941	-	-
Other payables	5,397,824	5,191,328	138,594	179,618
Accruals	6,701,952	3,858,206	351,577	136,780
Deposit received	300,000	600,000	-	-
	120,081,246	137,138,475	490,171	316,398

Trade payables include interest bearing suppliers' credit with balances amounting to nil (2020: RM26.4 million). These credit facilities have interest bearing credit periods of up to 150 days.

The increase in accruals is mainly due to bonus accruals which planned payment has been interrupted by the sudden pandemic lockdown in June 2021.

The remaining trade and other payables are generally interest free and within accorded interest free credit periods ranging between 7 to 60 days (2020: 7 to 60 days).

24 CONTRACT LIABILITIES

	GROUP	
	2021 RM	2020 RM
Contract liabilities	22,990,671	1,458,981

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

24 CONTRACT LIABILITIES (CONTINUED)

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

	GROUP	
	2021 RM	2020 RM
At 1 July	1,458,981	1,601,143
- deposit received during the financial year	37,560,069	45,131,414
- revenue recognised during the financial year	(16,028,379)	(45,273,576)
At 30 June	22,990,671	1,458,981
Composition of closing contract liabilities:		
- payment received or receivable for work not performed	22,990,671	1,458,981

The Group applies the practical expedient in MFRS 15 "Revenue from Contracts with Customers" for not disclosing the aggregate amount of the revenue expected to be recognised in the future as the contracted performance obligation would be fulfilled in less than one year.

Revenue from contract with customers of the Group of RM1,458,981 (2020: RM1,601,143) recognised in the current year relates to brought forward contract liabilities.

25 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities				
- deferred tax liabilities to be settled after more than 12 months	(31,041,513)	(22,630,166)	(11,700)	(11,700)
At 1 July	(22,630,166)	(23,873,125)	(11,700)	(11,700)
Credited/(Charged) to profit or loss (Note 10):				
- property, plant and equipment	(2,891,468)	2,389,846	-	-
- unutilised tax losses	480,684	(644,965)	-	-
- unutilised reinvestment allowance	(4,363,306)	(488,186)	-	-
- lease liabilities	1,751,974	(647,060)	-	-
- right-of-use asset	(1,786,768)	821,132	-	-
	(6,808,884)	1,430,767	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

25 DEFERRED TAX (CONTINUED)

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Recognised in equity:				
- property, plant and equipment	(1,152,854)	(99,728)	-	-
- right-of-use assets	(449,609)	(88,080)	-	-
At 30 June	(31,041,513)	(22,630,166)	(11,700)	(11,700)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- unutilised tax losses	3,595,717	3,115,033	-	-
- unutilised reinvestment allowance	13,452,852	17,816,158	-	-
- lease liabilities	4,500,918	2,748,944	-	-
	21,549,487	23,680,135	-	-
Offsetting	(21,549,487)	(23,680,135)	-	-
Deferred tax assets (after offsetting)	-	-	-	-
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(37,117,641)	(33,573,319)	(11,700)	(11,700)
- intangible assets	(4,800,000)	(4,800,000)	-	-
- right-of-use assets	(5,592,333)	(3,355,956)	-	-
	(47,509,974)	(41,729,275)	(11,700)	(11,700)
Offsetting	21,549,487	23,680,135	-	-
	(25,960,487)	(18,049,140)	(11,700)	(11,700)
Subject to real property gain tax				
Deferred tax liability:				
- property, plant and equipment	(5,081,026)	(4,581,026)	-	-
Deferred tax liabilities (after offsetting)	(31,041,513)	(22,630,166)	(11,700)	(11,700)
Deferred tax liabilities (cumulative amount charged to equity)	(6,240,889)	(4,638,426)	-	-

In accordance with the Malaysia Finance Act 2018 gazetted on 27 December 2018, the Group's unutilised tax losses and reinvestment allowance will be imposed a time limit of utilisation where any accumulated unutilised tax losses brought forward from year of assessment 2019 can only be carried forward another 7 consecutive years of assessment. Similarly, any unutilised reinvestment allowance can only be carried forward another 7 consecutive years of assessment upon expiry of qualifying period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

25 DEFERRED TAX (CONTINUED)

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

	GROUP	
	2021 RM	2020 RM
<u>Unutilised tax losses</u>		
2025	525,029	11,185,737
2026	4,930,574	4,930,574
2027	318,981	318,981
	5,774,584	16,435,292
<u>Unused reinvestment tax allowance</u>		
2031	-	2,034,113
Unutilised capital allowances	1,302,920	-
	7,077,504	18,469,405
Deferred tax assets not recognised at 24%	1,698,601	4,432,657

26 DEFERRED INCOME

	GROUP	
	2021 RM	2020 RM
At 1 July	-	
- additions	6,100,000	-
- recognised in profit or loss	(63,542)	-
At 30 June	6,036,458	-
Analysed as:		
- Non-current	6,036,458	-

During the current financial year, the Group received a government grant of RM6,100,000 under the Domestic Investment Strategic Fund for its qualifying 'high technology' investments in plant and equipment totaling RM21,518,882 incurred since 2019 until current. The grant received is recorded as 'deferred income' under non-current liabilities and will be amortised to profit or loss over the useful life of the assets in tandem with its depreciation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

27 BORROWINGS

The Group's and Company's borrowings at the close of the respective financial periods are disclosed below:

		GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
<u>Current</u>					
Bankers' acceptance	(i)	51,090,000	31,200,000	-	-
Factoring		-	4,442,085	-	-
Term loan	(i)	5,833,332	5,833,332	-	-
Hire-purchase creditors	(ii)	1,058,805	2,247,033	170,877	170,877
Mortgage loan	(iii)	1,973,953	1,735,637	-	-
		59,956,090	45,458,087	170,877	170,877
<u>Non-current</u>					
Term loan	(i)	12,976,359	10,852,947	-	-
Hire-purchase creditors	(ii)	220,960	1,279,766	193,040	363,917
Mortgage loan	(iii)	14,267,557	16,384,968	-	-
		27,464,876	28,517,681	193,040	363,917
<u>Combined</u>					
Bankers' acceptance		51,090,000	31,200,000	-	-
Factoring		-	4,442,085	-	-
Term loan		18,809,691	16,686,279	-	-
Hire-purchase creditors		1,279,765	3,526,799	363,917	534,794
Mortgage loan		16,241,510	18,120,605	-	-
Total		87,420,966	73,975,768	363,917	534,794

The Group's total interest cost attributed to the above borrowings for the current financial year is RM3.4 million (2020: RM5.7 million). Certain interest during the financial year had been capitalised to property, plant and equipment as disclosed in Note 12. Neither the Group nor the Company have any overdue position on the outstanding borrowings from financial institutions.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

27 BORROWINGS (CONTINUED)

Contractual terms of borrowings

	Contractual interest rate at reporting date (% per annum)	Functional currency/ currency exposure	Total carrying amount RM	Maturity profile				
				< 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	> 4 years RM
GROUP								
At 30 June 2021								
Secured								
Bankers' acceptance	3.19 - 4.11	RM/RM	51,090,000	51,090,000	-	-	-	-
Term loan	4.06 - 4.41	RM/RM	18,809,691	5,833,332	5,833,332	5,833,332	1,309,695	-
Hire-purchase creditors	2.29 - 2.85	RM/RM	1,279,765	1,058,805	188,498	32,462	-	-
Mortgage loan	4.07 - 4.42	RM/RM	16,241,510	1,973,953	2,044,405	2,129,976	2,219,128	7,874,048
			87,420,966	59,956,090	8,066,235	7,995,770	3,528,823	7,874,048

At 30 June 2020

Secured

Bankers' acceptance	3.61 - 5.15	RM/RM	31,200,000	31,200,000	-	-	-	-
Factoring	8.00	RM/RM	4,442,085	4,442,085	-	-	-	-
Term loan	4.49 - 5.54	RM/RM	16,686,279	5,833,332	5,833,332	5,019,615	-	-
Hire-purchase creditors	2.29 - 2.85	RM/RM	3,526,799	2,247,033	1,058,805	188,498	32,463	-
Mortgage loan	4.42 - 5.64	RM/RM	18,120,605	1,839,366	1,912,202	2,009,726	2,112,224	10,247,087
			73,975,768	45,561,816	8,804,339	7,217,839	2,144,687	10,247,087

COMPANY

At 30 June 2021

Secured

Hire-purchase creditors	2.29 - 2.72	RM/RM	363,917	170,877	160,578	32,462	-	-
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At 30 June 2020

Secured

Hire-purchase creditors	2.29 - 2.72	RM/RM	534,794	170,877	170,877	160,578	32,462	-
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

27 BORROWINGS (CONTINUED)

- (i) The term loan and a portion of the bankers' acceptance are secured with fixed and floating charge via a debenture by the Cold Rolled subsidiary. A portion of the bankers' acceptance is secured with fixed and floating charge via a separate debenture by the Steel Tube subsidiary (refer Note 12).
- (ii) The hire-purchase creditors at the reporting date are as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Future minimum lease payments of hire-purchase creditors:				
Payable within one year	1,108,566	2,399,092	193,536	193,536
Payable between one and two years	209,417	1,108,566	181,292	193,536
Payable between two and three years	36,207	209,417	36,207	181,292
Payable between three and five years	-	36,207	-	36,207
	1,354,190	3,753,282	411,035	604,571
Less: Future finance charges	(74,425)	(226,483)	(47,118)	(69,777)
Carrying amount	1,279,765	3,526,799	363,917	534,794
Carrying amount of hire-purchase creditors:				
Payable within one year	1,058,805	2,247,034	170,877	170,877
Payable between one and two years	188,498	1,058,805	160,578	170,877
Payable between two and three years	32,462	188,498	32,462	160,578
Payable between three and four years	-	32,462	-	32,462
	1,279,765	3,526,799	363,917	534,794

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

- (iii) The mortgage loan drawn down by the Steel Tube subsidiary is secured against a corporate guarantee from the Company and a first party fixed charge on the leasehold land and building.

The weighted average contractual interest rates of borrowings at the reporting date are as follows:

	GROUP		COMPANY	
	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum
Bankers' acceptance	3.48	4.31	-	-
Factoring	-	8.00	-	-
Term loan	4.20	5.31	-	-
Hire-purchase creditors	2.59	2.59	2.42	2.42
Mortgage loan	4.13	5.18	-	-

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

The Group and the subsidiaries complied with all the relevant covenants set out in the respective facility agreements for the current financial year. Refer to Notes 4 (a) and (b) for further details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

28 SHARE CAPITAL

	GROUP/COMPANY			
	2021		2020	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
<u>Issued and fully paid with no par value</u>				
At 1 July/30 June	327,057,599	217,676,829	327,057,599	217,676,829

The nominal value of the Rights shares is net of warrant reserves.

29 WARRANT RESERVES

	GROUP/COMPANY			
	2021		2020	
	Number of warrants	Nominal value RM	Number of warrants	Nominal value RM
At 1 July/30 June	21,756,070	1,740,486	21,756,070	1,740,486

Salient terms:

- (a) The warrants can be exercised any time during the tenure of 5 years commencing from the date of issue on 28 January 2019 to 26 January 2024 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid; and
- (b) Each warrant entitles holder to subscribe for one new ordinary share in the Company at the exercise price of RM0.60 at any time during the Exercise Period.

These issued warrants represent the obligation of the Company to issue new shares at the determined exercise price upon election by the holder, normally under circumstances when the traded market price of the mother share exceeds the 'exercise price.'

The Company allocates a portion of the monies raised from the Rights issue to represent the fair value of these issued free warrants as reserves to meet the aforementioned obligation. The Company has determined at initial recognition the value of the warrant reserves at RM0.08 per warrant (or RM1,740,486) based on the Black-Scholes model which took into consideration of the underlying variables such as the mother share-price, time-to-maturity, exercise price, and risk free rate at the initial listing date. As at 30 June 2021, the carrying value of the warrant reserves remained that same at initial recognition, as no warrant was exercised by holders during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

30 ASSET REVALUATION RESERVE

	GROUP	
	2021 RM	2020 RM
At 1 July	30,710,966	30,108,054
Revaluation surplus on:		
- property, plant and equipment	7,720,220	449,642
- right-of-use asset	1,873,372	366,998
Deferred tax	(1,602,463)	(187,808)
Credited to other comprehensive income	7,991,129	628,832
Credited to retained earnings		
- Realisation of asset revaluation surplus upon disposal of property, plant and equipment (net of deferred tax)	-	(25,920)
At 30 June	38,702,095	30,710,966

The asset revaluation reserve is used to record changes on fair value surplus of the Group's property, plant and equipment (see Note 12) and its right-of-use asset (leasehold land) (see Note 13) pursuant to its annual independent revaluation. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy Note 2(d) for details.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions which were carried out on terms and conditions negotiated between the related parties.

The Group has related party transactions with the following related companies:

	Relationship
Melewar Industrial Group Berhad	Ultimate holding company
Melewar Steel Mills Sdn. Bhd.	Related company
Melewar Integrated Engineering Sdn. Bhd.	Related company
Melewar Steel Services Sdn. Bhd.	Related company
Ausgard Quick Assembly Systems Sdn. Bhd.	Related company
Mycron Steel CRC Sdn. Bhd.	Subsidiary
Melewar Steel Tube Sdn. Bhd.	Subsidiary
Silver Victory Sdn. Bhd.	Subsidiary
Trace Management Services Sdn. Bhd.	A company which certain Directors have deemed financial interests
Maax Factor Sdn. Bhd.	A company which certain Directors have deemed financial interests

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

31 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

- (a) Significant transactions with related parties during the financial year are as follows (stated as debit or (credit) against the counterparty):

		GROUP	
Entity	Type of transaction	2021 RM	2020 RM
Trade: paid/payable			
Ultimate holding company			
	Rental for lease of properties, net of discount	(3,445,860)	(3,445,860)
Melewar Industrial Group Berhad			
Melewar Industrial Group Berhad	Payment made	3,445,860	3,445,860
Melewar Industrial Group Berhad	Management fees	(2,724,300)	(3,240,000)
Melewar Industrial Group Berhad	Payment made	2,724,300	3,240,000
Fellow subsidiaries			
Melewar Steel Mills Sdn. Bhd.	Scrap handling commission	(2,008,997)	(1,089,250)
Melewar Steel Mills Sdn. Bhd.	Payment made	2,748,616	657,530
Non-trade: paid/payable			
Related party			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(233,109)	(246,248)
Maax Factor Sdn. Bhd.	Factoring drawn/(repaid)	(4,442,085)	4,442,085
Trade: received/receivable			
Subsidiary			
Mycron Steel CRC Sdn. Bhd.	Management fees income	3,723,049	2,878,370
Mycron Steel CRC Sdn. Bhd.	Payment received	(3,277,654)	(2,663,775)
Melewar Steel Tube Sdn. Bhd.	Management fees income	447,247	396,617
Melewar Steel Tube Sdn. Bhd.	Payment received	(432,781)	(396,617)
Non-trade: received/receivable			
Subsidiary			
Mycron Steel CRC Sdn. Bhd.	Advances given (utilisation of rights proceeds)	-	7,752,421
Non-trade: paid/payable			
Related parties			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(225,964)	(241,539)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

31 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Significant outstanding balances arising from the above are as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Amount owing to ultimate holding company</u>				
Melewar Industrial Group Berhad	(380,917)	(8,347)	(400)	-
<u>Amounts owing by subsidiaries</u>				
Melewar Steel Tube Sdn. Bhd.	-	-	73,290	58,824
Mycron Steel CRC Sdn. Bhd.	-	-	296,249	-
Silver Victory Sdn. Bhd.	-	-	-	63,903
	-	-	369,539	122,727
<u>Amounts owing by related companies</u>				
Melewar Steel Services Sdn. Bhd.	-	44,000	-	-
Jack Nathan Ltd	-	896	-	-
Melewar Steel Mills Sdn. Bhd.	1,200	-	-	-
	1,200	44,896	-	-
<u>Amounts owing to subsidiaries</u>				
Mycron Steel CRC Sdn. Bhd.	-	-	-	148,022
Melewar Steel Tube Sdn. Bhd.	-	-	3,255,072	3,255,071
	-	-	3,255,072	3,403,093
<u>Amounts owing to related companies</u>				
Melewar Steel Mills Sdn. Bhd.	-	739,619	-	-
Melewar Integrated Engineering Sdn. Bhd.	-	722,668	-	-
	-	1,462,287	-	-

There are no material outstanding balances with other related parties as at financial year end.

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Fees, salaries and bonuses	4,680,483	4,662,149	818,768	325,000
Defined contribution plan	693,559	678,645	122,817	48,750
Benefits-in-kind	63,200	91,326	28,000	48,500
	5,437,242	5,432,120	969,585	422,250

Remuneration details on the Non-Executive Directors are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

32 SEGMENTAL ANALYSES

The cold rolled segment is in the business of manufacturing and sale of cold rolled coils.

The steel tube manufacturing segment is in the business of manufacturing and sale of steel pipes and tubes.

'Others' comprise investment holding companies and trading companies.

The strategic business units offer different products and services, and are managed separately. The Group's Executive Committee comprising key management personnel monitors the operating results of the strategic business units as well as relying on the segmental information as disclosed below for purposes such as resource allocation and performance assessment.

The Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are established based on 'arms-length' terms and conditions as agreed between the related parties.

Geographic segment is not applicable as the businesses of the Group are substantially carried out in Malaysia.

	Cold rolled coil RM	Steel tube RM	Others RM	Total RM
<u>2021</u>				
<u>Revenue</u>				
Total revenue	499,778,836	272,948,923	4,170,296	776,898,055
Inter segment	(36,054,955)	-	(4,170,296)	(40,225,251)
External revenue	463,723,881	272,948,923	-	736,672,804
Segmented by steel product:				
- Cold rolled coils	441,867,523	-	-	441,867,523
- Steel tube and pipes	-	270,592,346	-	270,592,346
- Scraps	11,447,726	656,723	-	12,104,449
Processing service income	10,408,632	1,699,854	-	12,108,486
External revenue	463,723,881	272,948,923	-	736,672,804
<u>Segment results</u>				
Profit/(Loss) from operations	40,995,757	31,779,314	332,123	73,107,194
Finance income	851,407	312,813	2,569	1,166,789
Finance costs	(1,227,473)	(2,728,021)	(22,659)	(3,978,153)
Total (loss)/profit before tax	40,619,691	29,364,106	312,033	70,295,830
Consolidation elimination [^]	(1,981,218)	-	-	(1,981,218)
External profit/(loss) before tax	38,638,473	29,364,106	312,033	68,314,612
Tax	(6,940,578)	(7,370,580)	(185,284)	(14,496,442)
Net profit/(loss) after tax	31,697,895	21,993,526	126,749	53,818,170
Total segment assets	478,114,783	274,568,004	223,434,688	976,117,475
Consolidation elimination [*]	(8,063,417)	(10,768,475)	(222,337,639)	(241,169,531)
Net segment assets	470,051,366	263,799,529	1,097,049	734,947,944

[^] Related to elimination of unrealised profit on closing inventories (RM2.0 million).

^{*} Major items included intercompany balances elimination (RM9.3 million), elimination of cost of investment (RM222.0 million), elimination of goodwill from the Steel Tube subsidiary (RM7.5 million) and elimination of unrealised profit on closing inventories (RM2.3 million).

Other information

Depreciation on property, plant and equipment	11,077,420	3,262,219	105,339	14,444,978
Depreciation on right-of-use assets	-	3,424,998	-	3,424,998
Impairment on:				
- property, plant and equipment	3,400,364	942,494	-	4,342,858
Additions of property, plant and equipment	12,588,122	2,363,588	-	14,951,710

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

32 SEGMENTAL ANALYSES (CONTINUED)

	Cold rolled coil RM	Steel tube RM	Others RM	Total RM
<u>2020</u>				
<u>Revenue</u>				
Total revenue	417,724,752	203,341,474	3,274,810	624,341,036
Inter segment	(24,964,836)	-	(3,274,810)	(28,239,646)
External revenue	392,759,916	203,341,474	-	596,101,390
Segmented by steel product:				
- Cold rolled coils	383,112,614	-	-	383,112,614
- Steel tube and pipes	-	201,439,101	-	201,439,101
- Scraps	9,245,834	355,554	-	9,601,388
Processing service income	401,468	1,546,819	-	1,948,287
External revenue	392,759,916	203,341,474	-	596,101,390
<u>Segment results</u>				
(Loss)/Profit from operations	(10,461,667)	5,559,951	269,490	(4,632,226)
Finance income	589,182	634,323	90,020	1,313,525
Finance costs	(2,524,527)	(4,582,671)	(22,659)	(7,129,857)
Total (loss)/profit before tax	(12,397,012)	1,611,603	336,851	(10,448,558)
Consolidation elimination [^]	(97,577)	-	-	(97,577)
External (loss)/profit before tax	(12,494,589)	1,611,603	336,851	(10,546,135)
Tax	1,230,121	(1,043,381)	(202,198)	(15,458)
Net (loss)/profit after tax	(11,264,468)	568,222	134,653	(10,561,593)
Total segment assets	417,523,401	224,639,909	223,592,699	865,756,009
Consolidation elimination *	(1,295,849)	(10,851,804)	(222,090,829)	(234,238,482)
Net segment assets	416,227,552	213,788,105	1,501,870	631,517,527

[^] Related to elimination of unrealised profit on closing inventories (RM0.1 million).

* Major items included intercompany balances elimination (RM4.4 million), elimination of cost of investment (RM222.0 million), elimination of goodwill from the Steel Tube subsidiary (RM7.5 million) and elimination of unrealised profit on closing inventories (RM0.3 million).

Other information

Depreciation on property, plant and equipment	10,762,593	3,326,057	105,339	14,193,989
Depreciation on right-of-use assets	-	3,388,518	-	3,388,518
Impairment on:				
- property, plant and equipment	1,914,527	498,243	-	2,412,770
Additions of property, plant and equipment	30,177,021	989,619	-	31,166,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

32 SEGMENTAL ANALYSES (CONTINUED)

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

	2021 RM	2020 RM
Segment assets	734,947,944	631,517,527
Derivatives	2,019,630	2,122,531
Tax recoverable	22,589	374,019
	736,990,163	634,014,077

Information about major customers

Revenue from two major customers amounting to RM49.5 million (2020: RM42.9 million) and RM83.6 million (2020: RM62.3 million) contributed to 18% (2020: 18%) of the Group's revenue. These two major customers are each from the cold rolled segment and the steel tube segment.

33 FINANCIAL GUARANTEES

As at 30 June 2021, the Company has corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries, Mycron Steel CRC Sdn. Bhd. and Melewar Steel Tube Sdn. Bhd. amounting to RM118.8 million (2020: RM107.7 million) and RM100.3 million (2020: RM98.2 million) respectively.

34 LITIGATION, COMMITMENT AND CONTINGENCY

- (a) At the end of the financial year, the Group's Cold Rolled subsidiary has an outstanding capital commitment that has been approved and contracted for of around RM7.8 million, mostly being the tail-end retention sum or final progress payment for the Acid Regeneration Plant and the revamped Continuous Pickling Line. New capital commitment of the said sum stands at RM0.6 million for a Gamma-Ray strip thickness measuring system. The Group's Steel Tube subsidiary has outstanding capital commitments that has been approved and contracted of around RM0.9 million for the upgrading of its existing plant and machineries. Other than these, there are no material capital expenditures approved but not contracted for at the close of the current financial year.
- (b) The Directors are not aware of any circumstances or developments giving rise to contingent liabilities or assets warranting disclosure.
- (c) The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group and the Board is not aware of any proceedings pending against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

35 FINANCIAL INSTRUMENTS BY CATEGORY

	2021		2020	
	At amortised cost RM	Fair value through profit or loss RM	At amortised cost RM	Fair value through profit or loss RM
GROUP				
Financial assets per statement of financial position:				
<u>Current assets:</u>				
Derivative financial assets	-	2,019,630	-	2,122,531
Trade and other receivables (excluding prepayments and GST recoverable)	41,225,260	-	73,081,501	-
Cash and cash equivalents	90,931,176	-	34,554,880	-
Amounts owing by related companies	1,200	-	44,896	-
Total financial assets	132,157,636	2,019,630	107,681,277	2,122,531

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)

35 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	2021		2020	
	At amortised cost RM	Fair value through profit or loss RM	At amortised cost RM	Fair value through profit or loss RM
Financial liabilities per statement of financial position:				
<u>Current liabilities:</u>				
Derivative financial liabilities	-	3,282	-	8,301
Trade and other payables (excluding payroll liabilities)	116,419,902	-	137,138,475	-
Borrowings	59,956,090	-	45,458,087	-
Lease liabilities	2,951,930	-	2,856,678	-
Amount owing to ultimate holding company	380,917	-	8,347	-
Amount owing to a related company	-	-	1,462,287	-
<u>Non-current liability:</u>				
Borrowings	27,464,876	-	28,517,681	-
Lease liabilities	15,801,893	-	8,597,254	-
Total financial liabilities	222,975,608	3,282	224,038,809	8,301

COMPANY

	2021 At Amortised cost RM	2020 At amortised cost RM
Financial assets per statement of financial position:		
<u>Current assets:</u>		
Trade and other receivables (excluding prepayments and GST recoverable)	4,500	13,621
Cash and cash equivalents	416,528	549,706
Amounts owing by subsidiaries	369,539	122,727
Total financial assets	790,567	686,054
Financial liabilities per statement of financial position:		
<u>Current liabilities:</u>		
Trade and other payables (excluding payroll liabilities)	282,910	316,398
Amount owing to ultimate holding company	400	-
Amounts owing to subsidiaries	3,255,072	3,403,093
Borrowings	170,877	170,877
	3,709,259	3,890,368
<u>Non-current liability:</u>		
Borrowings	193,040	363,917
Total financial liabilities	3,902,299	4,254,285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(CONTINUED)**36 SIGNIFICANT EVENTS DURING AND AFTER REPORTING DATE**

The COVID-19 outbreak since March 2020 deteriorated into 2021 with significantly higher infection and morbidity rates in the 2nd half of the current financial year. Measures taken by the government to contain the virus have significantly affected economic activity of the nation, particularly with the multi-states wide mandatory business shutdown lasting 10 weeks from 1 June to 16 August 2021.

The Group had considered the impact of COVID-19 and other market volatility in preparing these financial statements. Particularly, the Group has considered the effects of the prolonged COVID-19 curbs and shutdown may have on valuation and cashflow estimates where judgement is applied, and on the basis of preparation of the financial statements.

Given the dynamic and evolving nature of the Pandemic, changes to the basis, estimates, and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period if any will be accounted for in the future periods.

As a consequence of COVID-19 and in preparing the financial statements, management had:

- assessed carrying values of its assets and liabilities with the consequential impact (if any) disclosed in the relevant notes to the financial statements
- considered the impact of COVID-19 on the Group's financial statements disclosures

The Group had taken full measures to comply with the Government imposed Standard Operating Procedures (SOPs) to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing, working from home, vaccination, frequent testing) and securing the supply of materials that are essential to the Group's production process. The Group's financial performance was affected by the ten-consecutive weeks of business shutdown (four weeks in the current financial year and six weeks in the next financial year) which had caused a decline in sales volume as compared to the preceding financial year's six week of the shutdown. At this stage, the full impact on the Group's businesses and results is disclosed in the relevant Notes to the financial statements.

There is no material impact on the carrying amount of its assets and liabilities from developments after the reporting date. The Group will continue to abide with the government's various on-going policies on the pandemic, and in parallel will do its utmost to continue delivering performance to stakeholders.

PROPERTIES OWNED BY MYCRON STEEL BERHAD AND ITS SUBSIDIARIES

Address of Property	Lease expiry date	Brief description and existing use	Land/built-up area *	Approximate age of buildings (years) ^	Net book value (RM)
Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam, Selangor.	Freehold	Factory cum office building	763,758 sq.ft. (17.53 acres)	31	112,000,000
Lot 53, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor.	22.5.2078	Factory cum office building	196,301 sq.ft. (4.51 acres)	30	30,000,000

Note: The above property was revalued in 2021.

* Based on surveyed land area.

^ From the date of Certificate of Fitness for Occupation.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 18TH ANNUAL GENERAL MEETING of the Company will be held electronically in its entirety via Remote Participation and Voting facilities at the broadcast venue at Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 30 November 2021 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

Resolution

1. To receive the Audited Financial Statements for the year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon.
[Please refer to Explanatory Note A]
2. To approve the payment of Directors' fees amounting to RM336,000.00 for the period from 1 January 2022 to 31 December 2022 to be payable quarterly in arrears to the Non-Executive Directors of the Company. **1**
3. To approve an amount of up to RM85,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2022 to 31 December 2022.
[Please refer to Explanatory Note B] **2**
4. To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:
 - (i) Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim **3**
 - (ii) Datin Seri Raihanah Begum binti Abdul Rahman **4**
 - (iii) Mr Kwo Shih Kang **5**
5. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company, to hold office until conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **6**

AS SPECIAL BUSINESS

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

- (a) **Proposed Continuation of Tan Sri Datuk Seri Razman Md Hashim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company** **7**

"THAT Tan Sri Datuk Seri Razman Md Hashim who has served as an Independent Director for more than nine (9) years on 30 September 2021, shall continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance ("MCCG")"

[Please refer to Explanatory Note C]

- (b) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Trace Management Services Sdn Bhd** **8**

"THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 30 November 2020 pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions ("RRPTs") of a revenue or trading nature as set out in Section 3.3(A)(i) of the Circular to Shareholders dated 29 October 2021 ("the Circular"), with Trace Management Services Sdn Bhd ("the Related Party") mentioned therein which are necessary, for the Company and/or its subsidiaries' for day-to-day operations which are carried out in the ordinary course of business on terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

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

whichever is the earlier.

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

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

9

"THAT the mandate granted by the shareholders of the Company on 30 November 2020 pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities, authorising the Company and its subsidiaries ("the Mycron Group") to enter into the RRPTs which are necessary for the Mycron Group's day-to-day operations as set out in Sections 3.3(A)(ii) and 3.3(B) of the Circular to Shareholders dated 29 October 2021 ("the Circular") with the related parties mentioned therein, be and are hereby renewed, provided that:-

(i) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company; and

(ii) the transactions are made at arm's length and on normal commercial terms.

AND THAT, authority conferred by such renewed and granted mandate shall continue to be in force (unless revoked or varied by the Company in general meeting), until:

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

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

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

whichever is the earliest.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

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

10

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

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
Company Secretary

Kuala Lumpur
29 October 2021

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

NOTES:-

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 18th AGM will be conducted electronically in its entirety via Remote Participation and Voting ("RPV") facilities which are available on the website at www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of 18th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the 18th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 18th AGM.
3. Members may submit questions to the Board of Directors prior to the 18th AGM to the Investor Relations at roshan@mycronsteel.com, kychoo@melewar-mig.com or lily@crestcorp.com.my no later than 10.00 a.m. on Monday, 22 November 2021 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.
4. Since the 18th AGM will be conducted electronically in its entirety via RPV facilities, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.
5. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.
8. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. Any alteration in the form of proxy must be initialled.
10. Form of Proxy sent through facsimile transmission shall not be accepted.
11. For the purpose of determining a member who shall be entitled to attend this 18th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 November 2021. Only a depositor whose name appears on the Record of Depositors as at 22 November 2021 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.
12. Explanatory Notes to Ordinary Business:

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) Benefits Payable to Non-Executive Directors (Ordinary Resolution 2)

Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 2 is to seek shareholders' approval for payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors for the period from 1 January 2022 to 31 December 2022.

The benefits comprises the meeting allowances, benefits-in-kind and other emoluments payable to the Non-Executive Directors of the Company.

In determining the estimated total amount of remuneration (excluding Directors' fees) for the Non-Executive Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the directors' remuneration (excluding directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the relevant period.

13. Explanatory Notes to Special Business:

(C) Proposed Continuation in Office as an Independent Non-Executive Director in accordance with Practice 5.3 of the MCGG (Ordinary Resolution 7)

In line with the Practice 5.3 of the MCGG, the Proposed Ordinary Resolution 7, if passed, will enable Tan Sri Datuk Seri Razman Md Hashim, who has served as an Independent Non-Executive Director of the Company for more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.

Both the Nomination and Remuneration Committee and the Board have assessed the independence of Tan Sri Datuk Seri Razman Md Hashim and recommended him to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM based on the following justifications:

- (i) The Group has benefited from Tan Sri Datuk Seri Razman Md Hashim based on his long service to the Group and therefore possessed detailed knowledge of the Group's business, standard operating procedures, internal controls and risks profile and has proven commitment, experience, competence and wisdom to effectively advise the Management from time to time.*
- (ii) He is independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect his judgement or making of decisions in the best interest of the Company.*
- (iii) He had fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities, and thus he would be able to function as check and balance and bring an element of objectivity to the Board.*
- (iv) He has vast experience and is actively involved in the professional accounting industry enabling him to provide the Board with a diverse set of experience, expertise and independent judgement in financial controls and financial information.*
- (v) He had devoted sufficient time and attention to his professional obligations for an informed and balanced decision making.*
- (vi) He had consistently challenged Management in an effective and constructive manner and provided an independent voice on the Board besides providing continued valuable guidance to Management during his tenure with the Company.*
- (vii) He had also exercised his due care and diligence during his tenure as an Independent Non-Executive Director of the Company and had carried out his professional duties in the best interest of the Company and shareholders.*

The profile of Tan Sri Datuk Seri Razman Md Hashim is set out in the Directors' Profile on page 36 of the Annual Report.

(D) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolutions 8 and 9)

The Proposed Resolutions 8 and 9, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(E) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 10)

The Ordinary Resolution proposed under Resolution 10 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 10, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 17th AGM held on 30 November 2020 and which will lapse at the conclusion of the 18th AGM to be held on 30 November 2021.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

14. Poll Voting

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

The detailed information on Special Business of Agenda 6 except for Ordinary Resolutions 7 and 10 as mentioned above is set out in the Circular to Shareholders of the Company dated 29 October 2021 which is despatched together with the Company's 2021 Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 4 of the Notice of the 18th AGM of the Company are set out in the Directors' Profile on pages 36 to 39 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 45 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Note E of the Notice of the 18th AGM of the Company.

NOTICE

There will be no distribution
of e-vouchers

**MYCRON STEEL BERHAD**

Reg. No.: 200301020399 (622819-D)

FORM OF PROXY

(please refer to the notes below)

No. of shares held	CDS Account No.

I/We _____ NRIC No./Reg. No./CDS No.: _____
(Full Name in block letters)

of _____
(Full Address and Contact No.)

being a member/members of **MYCRON STEEL BERHAD** hereby appoint *Chairman of the meeting or

Name of Proxy:		NRIC No:	
Full Address:		Contact No & email address:	

or failing him/her

Name of Proxy:		NRIC No:	
Full Address:		Contact No & email address:	

as *my/our proxy to vote for *me/us and on *my/our behalf at the 18th Annual General Meeting ("AGM") of the Company to be conducted electronically in its entirety via remote participation and voting ("RPV") facilities at the Broadcast Venue at Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 30 November 2021 at 10.00 a.m. or at any adjournment thereof on the following resolutions referred to in the Notice of 18th AGM. My/our proxy is to vote as indicated below:-

Resolution	Ordinary Business	FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
1	To approve the payment of Directors' fees amounting to RM336,000.00 for the period from 1 January 2022 to 31 December 2022 to be payable quarterly in arrears to the Non-Executive Directors of the Company.				
2	To approve an amount of up to RM85,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2022 to 31 December 2022.				
	To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:				
3	(i) Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim				
4	(ii) Datin Seri Raihanah Begum binti Abdul Rahman				
5	(iii) Mr Kwo Shih Kang				
6	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company, to hold office until conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.				
Special Business					
7	Approval for Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim to continue in office as Independent Non-Executive Director.				
8	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Trace Management Services Sdn Bhd.				
9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.				
10	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				

[Please indicate with "√" or "X" in the spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain at his/her discretion]

The proportion of my holdings to be represented by my *proxy/proxies are as follows:

	Number of Shares	Percentage
First proxy		%
Second proxy		%
Total		100%

Dated this _____ day of _____ 2021

Signature of Shareholder(s)/Common Seal

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* Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit)

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STAMP

The Secretary
Mycron Steel Berhad
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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NOTICE

There will be no distribution of e-vouchers

www.mycronsteel.com

MYCRON STEEL BERHAD Reg. No.: 200301020399 (622819-D)

Lot 717, Jalan Sungai Rasau, Seksyen 16
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