MYCRON STEEL BERHAD

Reg. No.: 200301020399 (622819-D)

2020

MYCRON STEEL BERHAD
ANNUAL REPORT

TABLE OF CONTENTS

CHAIRMAN'S STATEMENT

Tunku Dato' Yaacob Khyra

Executive Chairman

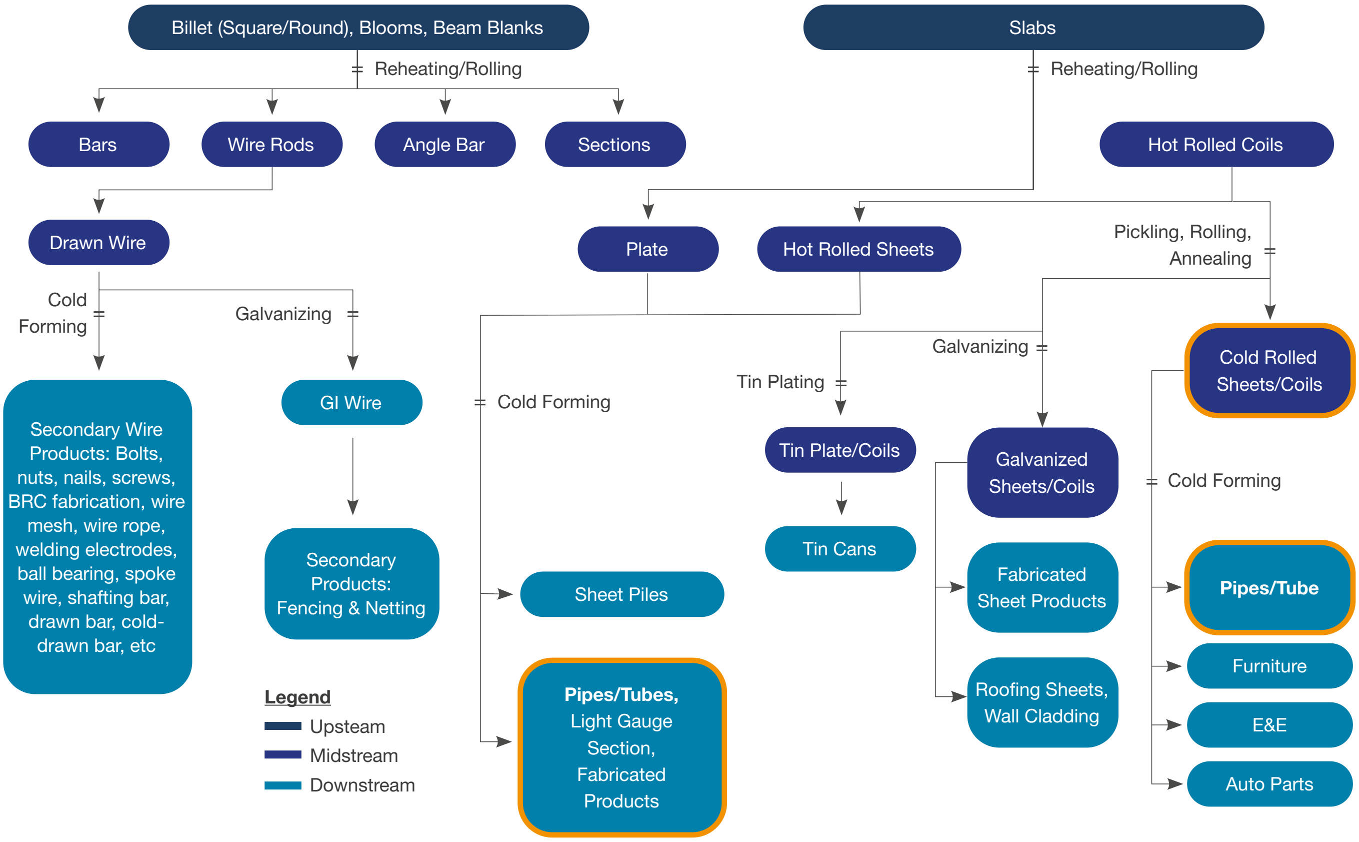
On behalf of the Board of Directors, I present the Annual Report of Mycron Steel Berhad and its group of companies ("the Group" or "Mycron") for the financial year ended 30 June 2020 ("FY2020").

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.

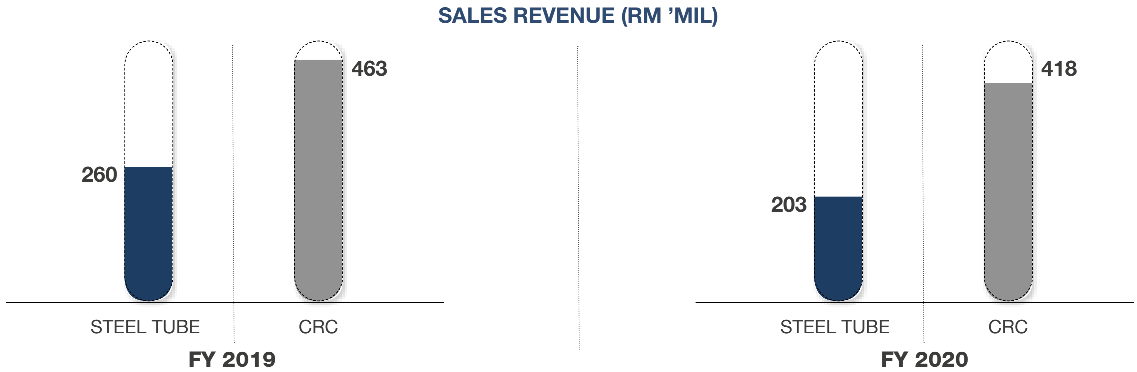
Exhibit 1: Malaysian Iron and Steel Industry



FINANCIAL PERFORMANCE

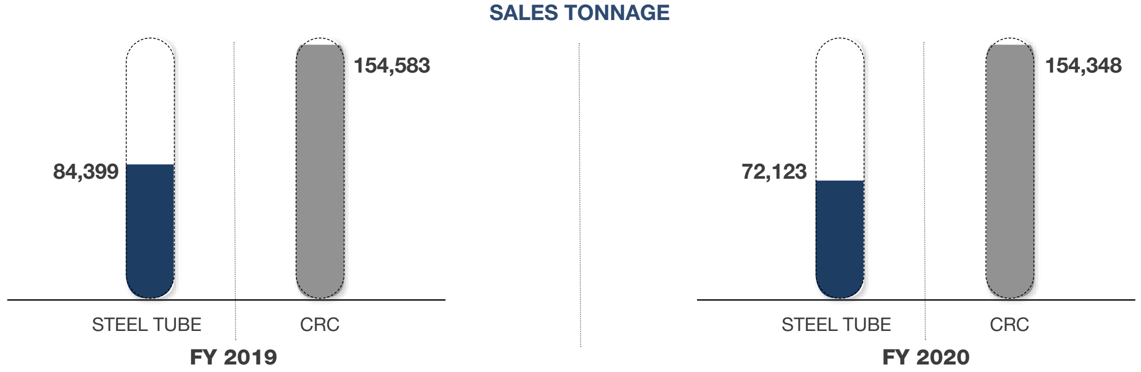
For the year under review, the Group registered a 14.1% lower total revenue of RM596 million as compared to RM694 million in the preceding financial year, mainly due to lower sales tonnage and pricing. The Group's FY2020 total steel tonnage decreased by 5.2% to 226,471 tonnes (FY2019: 238,982 tonnes).

Exhibit 2: Sales Revenue by Division – FY2019 vs FY2020



Both subsidiaries were affected by low revenue resulting from the COVID-19 pandemic, which severely impacted the second half of this financial year. The CRC division recorded revenue of RM418 million as compared to RM463 million in the previous year, representing a decrease of 9.7%. Similarly, the Steel Tube division registered lower revenue of RM203 million from the preceding year of RM260 million, a decline of 21.9%.

Exhibit 3: Sales Tonnage by Division – FY2019 vs FY2020



In terms of tonnage, CRC sales decreased by 0.2% to 154,348 tonnes compared to 154,583 tonnes in the preceding year. CRC sales tonnage include secondary products and services like second grade CRC, pickled and oiled HRC, and scrap.

Steel Tube sales decreased by 14.5% to 72,123 tonnes compared to 84,399 tonnes in the preceding year. Sales tonnage for Steel Tube include other secondary products and services such as second grade pipes, slitted edge, hot dipping, pipe-forming and pipe slitting services and scrap.

DIVIDENDS

FY2020 was a challenging year for Mycron. In view of the Group's financial position, the Board of Directors do not recommend the payment of any dividend for the financial year ended 30 June 2020.

COVID-19 IMPACT

The global pandemic arising from the novel coronavirus, officially named as COVID-19, has significantly impacted economies, businesses, and livelihoods of people from across the world.

Governments across the globe have adopted various approaches in containing and controlling the spread of COVID-19. These include imposing nationwide lockdowns, curfews, border and travel restrictions, business and plant shutdowns, and flexible work schedules.

As for Malaysia, the Government imposed a Movement Control Order ("MCO") on 18 March 2020 that resulted in mandatory business closures, ban on public gatherings, and strict quarantine procedures.

These governmental efforts and responses in addressing the pandemic have led to significant disruptions in trade and commerce, lower demand for goods and services, coupled with uncertainty of the near and long-term impact on the domestic/international economy, as well as health. These developments and consequences of the pandemic have had a material impact on the Group's FY2020 operations and financial results.

CRC OPERATIONS REVIEW

For FY2020, the CRC division achieved sales revenue of RM417.7 million, which was RM45.3 million lower than the preceding year. The decline is mainly attributable to unfair competition from Vietnamese CRC producers that were aggressively price dumping CRC into the Malaysian domestic steel market during the first half of FY2020. The latter half of FY2020 was significantly impacted by the COVID-19 pandemic. The ramifications of this pandemic impaired CRC's operations during the third and fourth quarter of FY2020.

Exhibit 4: CRC Financial Performance by Quarter *Total Capacity: 260,000 t/y*

Mycron CRC Operations Financial Year ended 30 June	FY2020					FY2019
	Q1	Q2	Q3	Q4	Total	Total
Sales Revenue (RM mil)	131.7	118.0	95.1	72.9	417.7	463.0
Sales Tonnage (tonnes)	45,791	43,491	37,546	27,520	154,348	154,583
Production Tonnage (tonnes)	48,923	46,520	28,559	32,118	156,120	150,384
Capacity Utilisation (% max)	75%	72%	44%	49%	60%	58%
Profit/(Loss) Before Tax (RM mil)	0.71	(3.63)	(5.99)	(3.49)	(12.40)	(16.53)

CRC's revenue for the first quarter (Q1) was higher than the preceding quarter with sales tonnage increasing by 35.3%. As a result, the segment registered a pre-tax profit of RM0.71 million for the quarter.

In the second quarter (Q2), sales revenue and tonnage dropped by 10.4% and 5.0% respectively. As a result, CRC division registered a pre-tax loss of RM3.63 million, mainly due to unfair competition from Vietnamese CRC producers. The prolonged thin-to-negative spreads, between the cost of CRC's raw material (HRC), and imported CRC, severely affected the CRC division's sales and margins.

These negative margin spreads (i.e. where the price of CRC finished goods, is actually cheaper than the cost of its core HRC raw material) was caused by direct subsidies (distinguished as tax rebates), by as much as 16%, given by the China governments, for exported Chinese CRC. These subsidised Chinese CRC enter Vietnam, and are physically swapped with Vietnamese made CRC, which are then exported to Malaysia. The physical CRC entering Malaysia, may not be Chinese made, but the Chinese subsidies, allows Vietnamese CRC to be shipped to Malaysia, at subsidised prices.

The third quarter (Q3) was a demanding quarter for the CRC division. The division reported a 13.7% drop in sales tonnage and recorded a pre-tax loss of RM5.99 million. The loss was due to a combination factors such as seasonal Chinese New Year holidays, the beginning of the COVID-19 outbreak in China, and the implementation of the MCO by the Malaysian government on 18 March 2020. The global outbreak of the COVID-19 virus caused steel prices to slump during the third quarter.

The fourth quarter (Q4) was an extremely challenging quarter due to COVID-19's impact on the domestic economy. The mandatory closure of manufacturing and business activities domestically since the start of the MCO, significantly impaired Mycron's sales and revenue for Q4. Even though the CRC division had healthy book orders, the CRC division was not able to deliver during the months of April and May, as most sectors of the economy only began resuming their operations in June. Due to the reasons stated above, the CRC division's sales tonnage during Q4 dropped by 26.7% to 27,520 tonnes, whilst sales revenue dropped by 23.3% to RM72.9 million. The division registered a pre-tax loss of RM3.49 million for the quarter.

STEEL TUBE OPERATIONS REVIEW

The Steel Tube division's revenue decreased by 21.7% to RM203.3 million for FY2020 due to slow demand for steel pipes and the COVID-19 pandemic impact on its operations. The tube segment registered a lower pre-tax profit of RM1.61 million for FY2020 compared to the preceding year.

Exhibit 5: Steel Tube Performance by Quarter *Total Capacity: 148,800 t/y*

Melewar Steel Tube Operations Financial Year ended 30 June	FY2020					FY2019
	Q1	Q2	Q3	Q4	Total	Total
Sales Revenue (RM mil)	60.0	63.3	58.7	21.3	203.3	259.7
Sales Tonnage (tonnes)	20,462	22,716	20,745	8,200	72,123	84,399
Production Tonnage (tonnes)	17,654	20,470	16,408	8,315	62,847	70,488
Capacity Utilisation (% max)	47%	55%	44%	22%	42%	47%
Capacity Utilisation* (% max)	51%	59%	47%	25%	46%	51%
Profit/(Loss) Before Tax (RM mil)	0.35	0.15	3.10	(1.99)	1.61	7.24

* *Inclusive of tolling services*

For the first financial quarter (Q1), the Steel Tube segment was relatively stable as sales tonnage recorded a slight increase that translated to 20,462 tonnes compared to the previous quarter of 20,082 tonnes. However, sales revenue dropped by 2.4% to RM60.0 million. Consequently, Profit Before Tax (PBT) for the quarter dropped to RM0.35 million. This is mainly due to the significant slowdown of infrastructure projects and construction activities across Malaysia. The drastic softening of steel prices also caused buyers to bide their time in making purchases.

The Steel Tube division reported a flat second quarter (Q2) with marginal profit. Total sales revenue was RM63.3 million, which is 5.5% higher than the previous quarter. Domestic demand for pipes remained weak, resulting in a downward trend throughout the quarter. Steel Tube division only managed to achieve a PBT of RM0.15 million in Q2.

The third financial quarter (Q3) was a mixed quarter. The Steel Tube division registered a decline in sales tonnage and revenue due to the seasonal Chinese New Year holidays and the beginning of the COVID-19 pandemic. However, it registered a pre-tax profit of RM3.1 million due to higher margins achieved.

The Steel Tube division suffered a weak fourth quarter (Q4) with significant decline in sales tonnage, revenue, and profit. This was mainly due as a consequence of the MCO and mandatory business closures imposed by the Malaysian government in March 2020. Sales revenue dropped by 63.7% to RM21.3 million. Sales tonnage dropped by 60.5% to 8,200 tonnes and the tube division registered a loss before tax of RM1.99 million.

GLOBAL AND DOMESTIC STEEL ECONOMY REVIEW

During the financial year under review, the global and domestic steel industry environment proved to be extremely demanding, on the back of significant global and domestic economic headwinds during the first half, and the unprecedented COVID-19 global impact on the world's economy and health, during the latter half.

The COVID-19 outbreak has put the global, as well as the Malaysian economy, under immense stress. As governments across the world imposed nationwide lockdowns to curb its spread, the pandemic resulted in the shutdown of global economies. It had severely impaired and injured manufacturing supply chains which directly affects the global steel sector, as it supports multiple industries such as automotive, electrical and electronics, construction, and infrastructure. Steel supply chains are integrated, complex, and interdependent.

For an industry that has grappled with legacy challenges such as oversupply and lower demand over the past few years, this COVID-19 crisis is the toughest and most challenging time the steel industry has faced as economies reel from the fallout of this pandemic. Considering the scale of distress on a global standpoint, it will require an extraordinary effort towards full recovery.

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

However, 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 like washing machines, refrigerators, microwaves ovens, rice cookers, and also in the production of components and parts for the automotive industry.

Over the years, all HRC and CRC Steel Manufacturers in Malaysia were Malaysian owned. As the years passed, one after another were either shut down or taken over by foreign owned steel mills, the latest being YKGI Holdings Berhad's disposal of its plant and factory 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 last fully operational Malaysian owned and managed flat steel mill in the country. Mycron is proud to be part of the journey of the country's goal of achieving a fully developed nation status. The Government has slowly recognised the contribution of the Malaysian Steel Industry and is working towards safeguarding local steel mills such as Mycron, against unfair trade. Mycron is constantly engaged will the Government to push for immediate action to protect and ensure sustainability of the steel industry.

Exhibit 6: CRC Industry Statistics by Calendar Year

CRC Industry Statistics	Total Capacity (t/y)	CRC Production (t/y)				2019 CRC Capacity	
		2016	2017	2018	2019	Utilised (%)	Unutilised (t/y)
CSC Steel Holdings Bhd	480,000	390,200	275,800	325,000	347,700	72%	132,300
Mycron Steel Bhd	260,000	190,000	175,630	180,210	164,835	63%	95,165
YKGI Holdings Bhd	-	86,000	46,340	54,000	-	-	-
NS BlueScope Malaysia Sdn Bhd	200,000	-	-	-	2,500	1%	197,500
Eonmetall Group Bhd	120,000	25,000	30,000	30,000	30,000	25%	90,000
	1,060,000	**691,200**	**527,770**	**589,210**	**545,035**	**51%**	**514,965**
Megasteel Sdn Bhd	1,450,000	-	-	-	-	0%	1,450,000
Total	**2,510,000**	**691,200**	**527,770**	**589,210**	**545,035**	**22%**	**1,964,965**
Capacity Utilisation							
Excluding Megasteel		65%	50%	56%	51%		
Including Megasteel		28%	21%	23%	22%		

* *Data represented above is cumulatively approximately and sourced from respective CRC mills*

Exhibit 6 provides details of utilisation rates and total capacity for the domestic CRC industry. Over the past four years, Malaysian domestic CRC producers have been facing substantial under-utilisation of production capacity, at 51%, predominantly due to substantial CRC imports.

Domestic CRC production dropped by 21% from 691,200 tonnes in 2016 to 545,035 tonnes in 2019 while CRC imports as a percentage of CRC consumption stands at a glaring 66%.

Exhibit 7: Flat Steel Imports by Calendar Year

Flat Steel Imports		**tonnes/year**					**2019 Change**
Class	**Description**	**2015**	**2016**	**2017**	**2018**	**2019**	
511	Cold Rolled Coil (CRC) Sheets & Strips	846,304	899,253	876,484	847,768	817,674	-3.55%
513	Others Cold Rolled Sheet & Strips (eg. Alloy)	136,256	225,630	199,114	208,498	111,004	-46.76%
		982,560	**1,124,883**	**1,075,598**	**1,056,266**	**928,678**	**-12.08%**
	y-o-y change		14.48%	-4.38%	-1.80%	-12.08%	
	CRC Related Products						
520	Cold -Rolled Electrical Sheets	111,604	113,162	115,606	202,547	80,630	-60.19%
611	Galvanized (Hot Dipped) Zinc Sheets	279,155	361,584	306,761	354,490	341,780	-3.59%
612	Electro-Galvanized Iron (EGI) Sheets	74,131	50,162	52,124	51,206	51,655	0.88%
620	Tin Plated CRC Sheets	85,057	70,822	84,582	89,753	95,130	5.99%
692	Colour Coated CRC Sheets	43,473	37,405	19,897	35,939	56,345	56.78%
693	Other Metallic Coated CRC Sheets	37,955	33,955	50,526	48,035	58,300	21.37%
		631,375	**667,090**	**629,496**	**781,970**	**683,840**	**-12.55%**
Total CRC & CRC Related Products		**1,613,935**	**1,791,973**	**1,705,094**	**1,838,236**	**1,612,518**	**-12.28%**
519	**CR Stainless Steel Sheets**	**112,981**	**119,060**	**93,695**	**99,048**	**141,448**	**42.81%**
	HRC & Related Products						
481	Hot Rolled Coil (Carbon Steel)	1,251,399	1,657,699	1,683,438	1,691,683	1,994,303	17.89%
470	Plates	283,988	351,269	370,660	478,951	438,942	-8.35%
720	Welded Pipes & Tubes	162,668	366,095	551,514	313,037	140,409	-55.15%
		1,698,055	**2,375,063**	**2,605,612**	**2,483,671**	**2,573,654**	**3.62%**
Total CRC, Related Products & HRC		**3,424,971**	**4,286,096**	**4,404,401**	**4,420,955**	**4,327,620**	**-2.11%**
	y-o-y change		25.14%	2.76%	0.38%	-2.11%	

(Source: SEASI 2019 Statistical Yearbook)

Exhibit 7 shows the summary of imports of flat steel into Malaysia. Imports of Cold Rolled Coil (CRC) sheets and strips are 928,678 tonnes, while the combined imports of CRC and CRC Related Products reduced to 1,612,518 tonnes, the bulk of which could have been manufactured locally.

To address the surge in CRC imports, 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 is persistently in dialogue with the Government about the impact of unscrupulous imports on the domestic steel industry and the need to safeguard the domestic steel industry.

DOMESTIC FLAT STEEL INDUSTRY SUMMARY

In 2019, Malaysia's overall flat steel consumption decreased to 6.30 million tonnes from 6.46 million tonnes in the previous year, a decrease of 2.4%. 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					2019
Class	Description	2015	2016	2017	2018	2019	Change
511 & 513	**Cold Rolled Coil (CRC) Sheets & Strips**	**1,613,481**	**1,710,067**	**1,527,122**	**1,565,569**	**1,405,757**	**-10.21%**
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	104,484	106,383	107,860	185,141	61,951	-66.54%
611	Galvanized (Hot Dipped) Zinc Sheets	702,451	838,585	722,918	713,450	725,128	1.64%
612	Electro-Galvanized Iron (EGI) Sheets	250,430	238,026	247,718	222,307	217,052	-2.36%
620	Tin Plated Sheets	172,267	178,441	199,452	204,833	188,367	-8.04%
692	Colour Coated Sheets	238,260	216,665	179,488	199,745	223,597	11.94%
693	Other Metallic Coated Sheets	34,209	29,131	42,354	46,809	53,208	13.67%
		1,502,101	**1,607,231**	**1,499,790**	**1,572,285**	**1,469,303**	**-6.55%**
Total CRC & CRC Related Products		**3,115,582**	**3,317,298**	**3,026,912**	**3,137,854**	**2,875,060**	**-8.37%**
519	**CR Stainless Steel Sheets**	**143,603**	**155,036**	**236,848**	**100,894**	**180,560**	**78.96%**
	HRC & Related Products						
481	Hot Rolled Coil (HRC) Sheets	1,949,788	1,724,860	1,672,554	1,682,421	1,986,448	18.07%
470	Plates	441,417	526,171	490,628	602,020	528,311	-12.24%
720	Welded Pipes & Tubes	285,037	949,458	969,214	935,225	730,250	-21.92%
		2,676,242	**3,200,489**	**3,132,396**	**3,219,666**	**3,245,009**	**0.79%**
Total Domestic Flat Steel		**5,935,427**	**6,672,823**	**6,396,156**	**6,458,414**	**6,300,630**	**-2.44%**
y-o-y change			12.42%	-4.15%	0.97%	-2.44%	

(Source: MISIF, Malaysian Iron and Steel Industry Federation)

The domestic consumption of HRC increased by 18.1% to 1.99 million tonnes.

The consumption of Welded Pipes & Tubes on the other hand, decreased by 21.9% to 0.73 million tonnes. The decrease is attributable to slow market demand in the pipe sector.

On the CRC front, domestic consumption decreased by 10.2% to 1.41 million tonnes from the previous year of 1.57 million tonnes.

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

Malaysian Flat Steel 2019		Production (t/y)	Import (t/y)	Export (t/y)	Net Domestic Consumption		
Class	**Description**				**2019 (t/y)**	**2018 (t/y)**	**Change**
511 & 513	**Cold Rolled Coil (CRC) Sheets & Strips**	**545,035**	**928,678**	**67,956**	**1,405,757**	**1,565,569**	**-10.21%**
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	0	80,630	18,679	61,951	185,141	-66.54%
611	Galvanized (Hot Dipped) Zinc Sheets	394,561	341,780	11,212	725,129	713,450	1.64%
612	Electro-Galvanized Iron (EGI) Sheets	210,101	51,655	44,704	217,052	222,307	-2.36%
620	Tin Plated Sheets	135,315	95,130	42,078	188,367	204,833	-8.04%
692	Colour Coated Sheets	195,302	56,345	28,051	223,596	199,745	11.94%
693	Other Metallic Coated Sheets	0	58,300	5,091	53,209	46,809	13.67%
		935,279	**683,840**	**149,815**	**1,469,304**	**1,572,285**	**-6.55%**
Total CRC & CRC Related Products		**1,480,314**	**1,612,518**	**217,771**	**2,875,061**	**3,137,854**	**-8.37%**
519	**CR Stainless Steel Sheets**	**330,799**	**141,448**	**291,687**	**180,560**	**100,894**	**78.96%**
	HRC & Related Products						
481	Hot Rolled Coil (HRC) Sheets	0	1,994,303	7,855	1,986,448	1,682,421	18.07%
470	Plates	233,000	438,942	143,631	528,311	602,020	-12.24%
720	Welded Pipes & Tubes	768,400	140,409	178,559	730,250	935,225	-21.92%
		1,001,400	**2,573,654**	**330,045**	**3,245,009**	**3,219,666**	**0.79%**
Total CRC, Related Products & HRC		**2,812,513**	**4,327,620**	**839,503**	**6,300,630**	**6,458,414**	**-2.44%**

(Source: MISIF)

Exhibit 9 provides a summary of the overall movement of flat steel in Malaysia for the calendar year 2019.

It is noted that for CRC, of the 1.41 million tonnes consumed in 2019, 0.93 million tonnes were imported CRC compared to only 0.55 million tonnes which was manufactured in Malaysia. It is a wonder how Malaysia permits its CRC consumption to be 66.1% supplied by imports, whilst Malaysian CRC manufacturers are only operating at 51% of capacity utilisation. This extreme misallocation of resources needs to be addressed urgently at a policy level.

HOT ROLLED COIL (HRC) SUPPLY

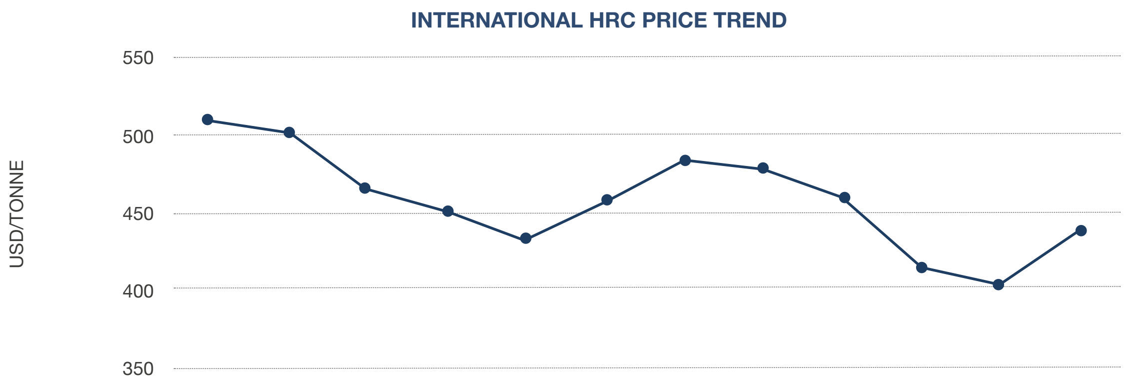
Hot Rolled Coil ("HRC") is the key raw material used by the Group, for both its CRC and Steel Tube business segments.

The COVID-19 pandemic had dramatically shifted the strategies and operations of HRC producers as they cut their steel output, with prediction that global steel consumption would remain sluggish in the month of April, and months to come.

Erratic purchasing patterns coupled with buyers' reservations in view of negative steel trends, and the possession of high inventories during MCO, resulted in the dipping of HRC price to USD404 per tonne in May 2020 (refer to Exhibit 10).

However, steel prices edged up again in June supported by China's steady demand from major infrastructure and construction sectors as China concluded its lockdown period in the end of April.

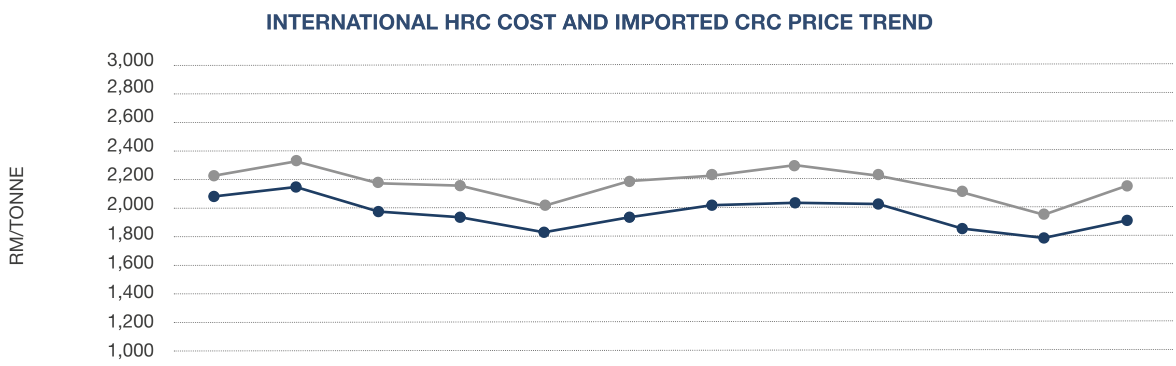
Exhibit 10: International HRC Price – FY2020



	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20
HRC	509	504	464	452	432	459	484	479	461	414	404	438

Thin price spreads ranging between RM125 to RM266 per tonne (refer to Exhibit 11), of International HRC (the raw material) and imported CRC (the finished goods), have substantially impacted Mycron's conversion cost and operating margins.

Exhibit 11: International HRC Cost & Imported CRC Price Trend – FY2020



	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20
HRC	2,051	2,117	1,949	1,898	1,801	1,905	1,980	1,997	1,982	1,805	1,757	1,879
Imported CRC Price	2,176	2,268	2,134	2,113	1,981	2,150	2,180	2,252	2,193	2,071	1,927	2,115

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, Malaysian 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)

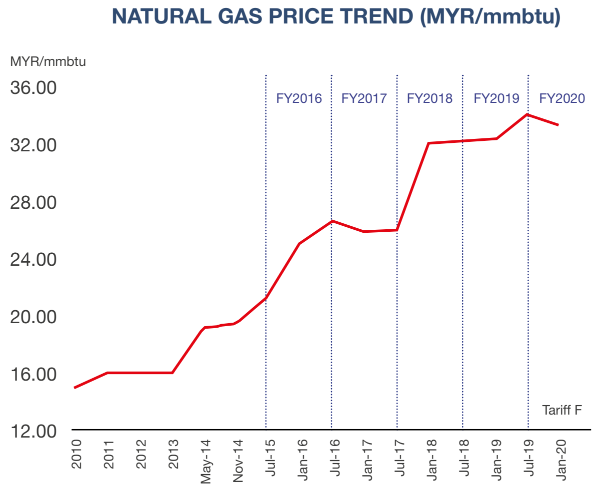
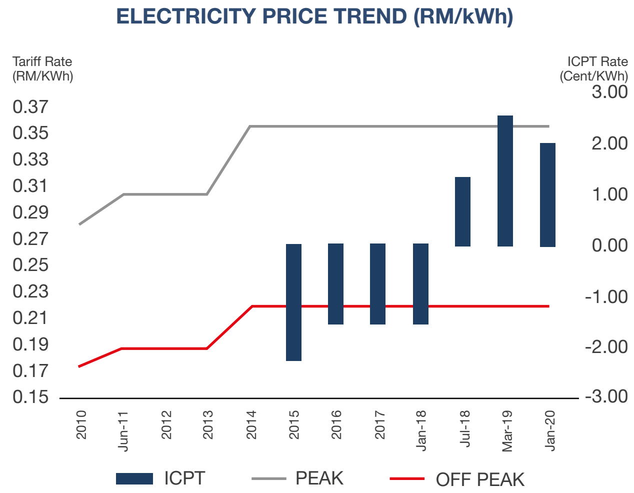


Exhibit 13: Electricity Price Trend (RM/KWh)



It can be seen from the charts, that the cost of natural gas and electricity have been growing at a significant rate causing substantial cost increases to the manufacturing sector. The country's management of natural gas cost and its impact on the cost of electricity, is causing an extensive challenge to the economy.

Although Gas Malaysia revised the surcharge (GCPT) by 2% from RM1.92/mmbtu to RM1.25/mmbtu and Tenaga Nasional Berhad revised its ICPT charges from 2.55cent/KWh to 2.00cent/KWh; these revisions remain insufficient to reduce Mycron's operating costs.

TECHNOLOGICAL ADVANCEMENT AND FUTURE INVESTMENT

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

MCRC and MST recently entered into a Solar Power Purchase Agreement ("SPPA") with Engie Services Malaysia Sdn Bhd ("Engie") on 16 March 2020. Through the SPPA, Engie would build, operate and own a solar photovoltaic generating plant with over 8,000 panels to be installed on the rooftops of MCRC and MST. The renewable energy from this solar panel installation is anticipated to save Mycron approximately 4.1 GWh (Gigawatt hours) of electricity per annum, thus reducing Group's overall carbon footprint.

MST is now entering its third and final phase of the Manufacturing Execution System ("MES") which was first initiated in July 2018. The final phase will complete the integration of all three factories involving a total of 18 production machines. The MES is an integration of advanced digital information technology with the existing Enterprise Resource Planning (ERP) system. It aims to improve production line efficiencies, promote effective communication amongst departments, increase productivity, reduce human errors, and reduce unplanned downtime.

MST is undertaking another project which will reduce energy consumption in its tube manufacturing operations. This project involves the retrofitting of the existing furnace in MST's galvanising plant. A new furnace with higher capacity and fuel efficiency is expected to be installed by the third quarter of FY2021.

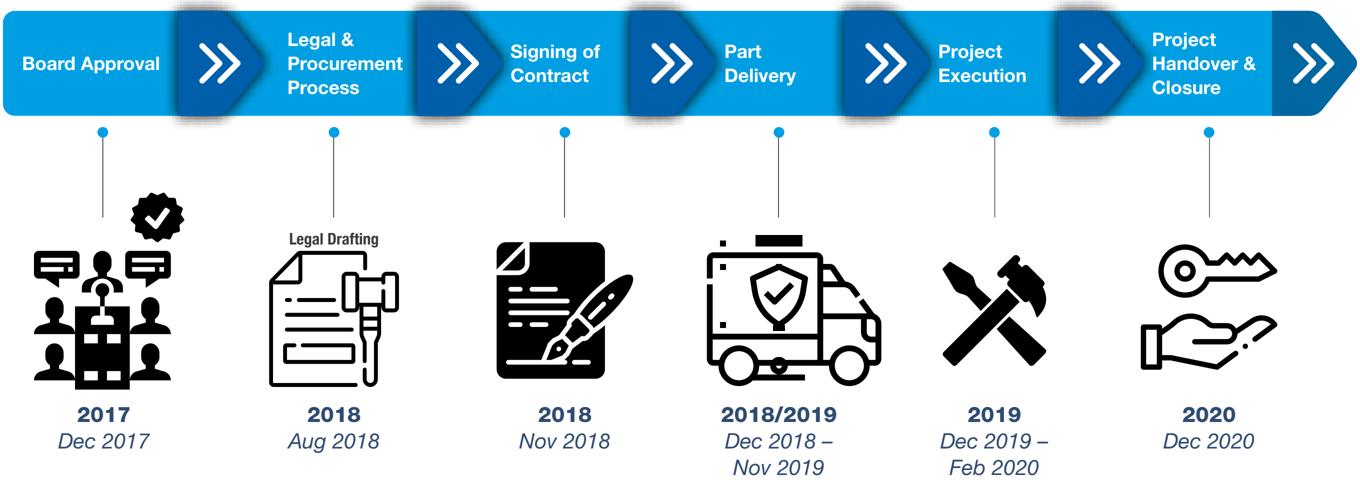
MCRC's investment in the state-of-the-art pickling and acid recovery technology aims to improve the overall conversion cost, expand into new market segments and reduce environmental impact through a close loop acid-recycling system.

The new Acid Regeneration Plant ("ARP") which was due for completion in the third quarter of FY2020, fell behind schedule due to the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO). The project is currently 60% underway, pending its commissioning and installation by the technical expert from SMS Group, Austria and is expected to complete by the fourth quarter of FY2021.

Exhibit 14: Roadmap for ARP Project

The erection and commissioning of MCRC's Continuous Picking Line (CPL) had been completed, with its first prime coil produced in February 2020. The project is now in its handover phase, pending the fulfilment of the acceptance certificate and performance guarantee.

Exhibit 15: Roadmap for CPL Revamping Project



LONG TERM OUTLOOK

The successful Anti-Dumping petition on CRC imports of more than 1,300mm width from China, Vietnam, Korea, and Japan, on 24 December 2019, provided positive support to Mycron's CRC division. This measure will be effective from December 2019 until December 2024.

Continuing with Mycron's efforts to address unfair trade practices, and to stop CRC price dumping from Vietnamese CRC producers, MCRC has filed a petition to initiate a review of Anti-Dumping Duty with regards to imported CRC of 1,300mm width and below, originating from Vietnam. Mycron is confident of obtaining higher Anti-Dumping duties against Vietnamese CRC producers, which will improve the domestic industry's future outlook.

A CRC safeguard petition remains an option to the Group, should the duties imposed after the review proved to be inadequate.

Holistic development remains crucial for the substantiality of the Malaysian domestic steel industry value chain. To address unfair competition and unjust operating environment from cheap imports, the Group has been actively engaging various government ministries by advocating reforms and developing the way forward for the industry, by active participation in reshaping the National Iron and Steel Policy.

The implementation and execution of the new National Iron and Steel Policy by the end of 2020 will be a game changer for the domestic steel industry for the foreseeable future.

Mycron is confident that the new policy and measures, will be implemented, to protect Malaysian steel manufacturers and their workforce.

PROSPECTS FOR THE NEW FINANCIAL YEAR

The Group's outlook for the new financial year remains cautious as the duration, spread, and severity of the COVID-19 pandemic remains highly unpredictable. The extent to which the pandemic will impact the Group's operations depends on future developments, such as the potential surge of the outbreak, which cannot be anticipated as of the present.

The revival of Malaysia's mega projects such as the East Coast Rail Link (ECRL), Kuala Lumpur-Singapore High-Speed Rail (HSR), and Mass Rapid Transit Line 3 (MRT3) should increase domestic steel demand, which in turn, would favour the Group's operations.

Barring another COVID-19 wave in Malaysia, the Group assumes an improvement in domestic demand for steel products. There are positive signs in the global and domestic steel industry, and if it remains sustainable, Myron's financial performance will improve in FY2021.

Our most important value and priority during this time remains the health and safety of our employees, our families, and our Malaysian community.

ANTI-CORRUPTION POLICY

Mycron is fully committed toward eradicating corruption. The Group maintains a strict, zero-tolerance position against corruption, bribery, or any kind of abuse of power. Aligned with this, the Group had adopted its Anti-Corruption Framework and Policy on 1 June 2020.

The Group expects its Directors, Senior Officers, Employees, and Business Partners to operate in full compliance with the Company's Policy, with the highest standard of ethical conduct, integrity, and professionalism. The full version of the policy is available on the company's website (https://www.mycronsteel.com/corporate-governance.php).

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 the Group. 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 2020 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

The current FYE2020 is the second year in a row that the Group posted a net loss; however, it is around 12% lower at RM10.6 million compared to the net loss of RM12 million recorded in FY2019. Whilst the preceding FY2019's performance was marred by a weak market and severe margin squeeze attributed to wide ranging domestic and global issues, FY2020's impediments were far more damaging with the nationwide mandatory business shutdown for six weeks under the Movement Control Order (MCO) to battle the COVID-19 pandemic. It is estimated that the mandatory shutdown itself cost the Group RM6.6 million, representing around 62% of its FYE2020's net loss. Up to the point of shutdown on 18 March 2020, the Group's performance was on the up-turn from a combination of factors: (i) the narrowing of Cold-Rolled-Coil dumping from aboard cumulating from anti-dumping measures pursued by the Group's CRC unit; (ii) the 1st stage US-China trade-deal signed in January 2020 which brought relief to regional economies affected by the prolonged disruptive trade-war; and (iii) upward trending steel prices from November 2019. However, the abrupt pandemic shutdown paralyzed the economy along with the steel market, and the Group's production, sales, and collection grinded to a halt for six weeks.

With the Government's stimulus and relief package focused on helping the B40 (Bottom 40%) and SME (Small Medium Enterprise) groups, listed corporations like the Group received little help beyond the Government's wage-subsidy programme. The Group took immediate steps to contain costs and sought the rescheduling of near-term financial obligations as cash-flows were interrupted by the shutdown. The Group refrained from any layoffs or furlough. The restart of the economy in May was sluggish with strict screening and operating procedures coinciding with the Ramadan and Hari-Raya festive period. The Group's steel businesses only begun to gradually pick-up towards June as pent-up demand from industrial users pushed sales above breakeven. The pandemic crisis and the ensuing economic stimulus package have helped sustain steel demand from the manufacturing of health-care equipment, furniture and fittings; consumer white-goods; construction and infrastructural projects; and even vehicles production. More importantly, China's rebound from the pandemic with uptick in steel demand contributed to an upward price trend amid supply tightness in the region. All these factors favourably supported the Group's steel business resumption, and may continue to support its path towards normalization into the next financial year.

Given the highly adverse business condition in FYE2020, the Group's key financial indicators as outlined in Table 1 below showed marginal to mixed results compared with the preceding FYE2019.

Table 1		FYE 2020	FYE 2019
Profitability			
a	Operational Return on Average Capital Employed (EBIT/Ave Cap)	-0.31%	-0.48%
b	Return on Equity (Net Earnings/Ave Equity)	-2.70%	-3.04%
Liquidity			
c	Current Ratio (Current Asset/Current Liabilities)	1.43	1.46
d	Interest Cover Ratio (EBITDA/Net Interest Expense)	2.23	2.29
Capital			
e	Weigted Average Cost of Capital (Cost of Equity assumed at 9%)	7.91%	7.72%
f	Debt to Equity Ratio (includes all interest bearing debt)	0.26	0.30
Value			
g	Net Asset per Share (RM/share)	1.18	1.21
h	Enterprise Value to Total Comprehensive Income Ratio	-16.01	-19.20

SEGMENTS' PERFORMANCE

For the current financial year, the Steel Tube segment recorded a sharply lower net tax profit of RM0.57 million at around 1/10th the size of the preceding period's gain; whilst the CRC segment recorded a 32.2% lower net tax loss of RM11.26 million compared to the preceding period's loss. The Steel Tube segment's weaker performance is attributed to a 14% drop in sales volume in the current financial year due to the MCO shutdown, despite its 150 basis point higher gross margin compared with the preceding period. The CRC segment's better performance with its lower losses is attributed to sustained sales volume despite the MCO shutdown, coupled with a 130 basis point higher gross margin compared to the preceding period. Both the segments' performance was also dragged down by a 44% higher impairment on PPE (Property, Plant, & Equipment) totalling RM 2.4 million in the current financial year (FYE2019: RM 1.6million) due to fair value mark-down arising from the pandemic.

Table 2	Steel Tube		CRC	
RM'million	FYE 2020	FYE 2019	FYE 2020	FYE 2019
External Revenue	203.34	259.69	392.76	434.79
Net Tax Profit/(Loss)	0.57	5.06	-11.26	-16.6

The ensuing paragraphs discuss the segments' challenges.

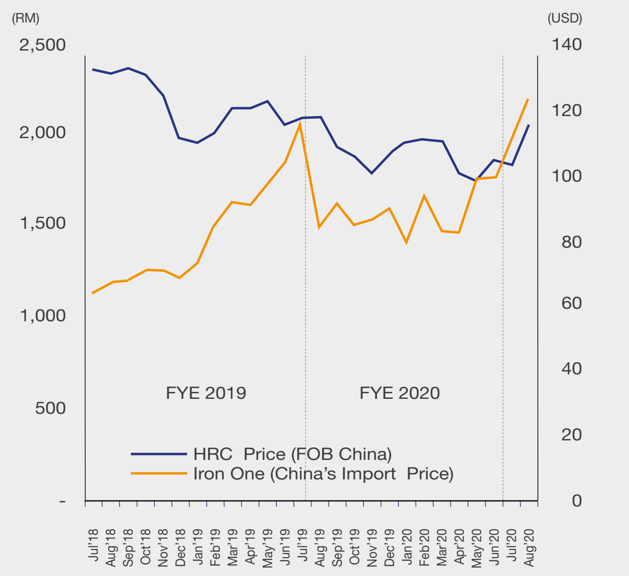
Steel Tube Segment

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 had contributed to the segment's resumption from the MCO shutdown. For FYE2020, its export sales was higher at around 10.4% compared to FYE2019 at 7.2%.

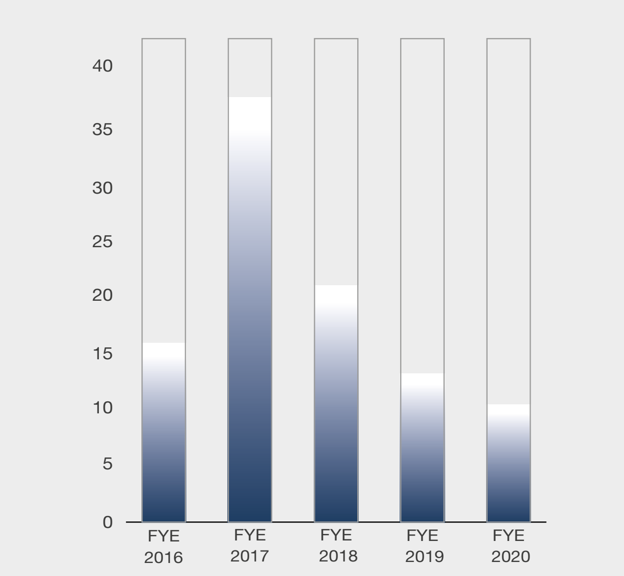
Declining HRC raw material price trend from FYE19 extended into the 1st half of FYE20 pressuring gross margin until the rebound in late November 2019 stretching into 2020 before the MCO shutdown on 18 March (see Chart 1 below). The cautious market in the 1st half of FYE2020 resulted in lower sales volume by around 4.7% compared with the corresponding preceding period. The onset of the COVID-19 pandemic resulted in a sharp dip of HRC prices in April and May, but rebounded sharply from June with upward trajectory into the next financial year as most Asia-Pacific economies particularly China recovered. Post-resumption in May 2020, orders initially flowed-in from the furniture sector (for hospital beds and fittings production) and subsequently from the construction and infrastructural sector as projects gradually resumed with the Government's fiscal and monetary pump-priming kicked-in. Post-resumption's sales volume had recovered to around 42% of normalisation in May and 70% in June: both months with higher margins due to the rising price trend. With the COVID-19 and six weeks of mandatory shutdown, sales volume in the 2nd half of FYE 2020 declined by about 25.3% compared with the corresponding preceding period.

Consequently, the Steel Tube subsidiary's EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortization) dipped by 23.8% to RM10.5 million – the lowest in 5 years. Nevertheless, in comparison with many other industries and businesses, the Steel Tube subsidiary has weathered the severe economic conditions of COVID-19 relatively well.

HRC Price (RM) VS Iron Ore Price (USD)



Steel Tube's EBITDA in RM' million



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 large balance to local downstream manufacturers whose end-products serve both the domestic and export markets. The diverse usage of CRC contributed to the segment's rebound from the MCO shutdown.

The CRC subsidiary had worked tirelessly in FYE2019 and 2020 to address unfair competition from imports spurred by trade diversions from the prolonged US-China trade war coupled with the rise of a behemoth Vietnam based steel producer which had impinged upon its performance since 2017.

The CRC subsidiary made significant progress in its fight against unfair competition with the following milestones achieved up until the 1st half of FYE2020 which saw its sales volume increased by 6.4% compared with the corresponding preceding period.

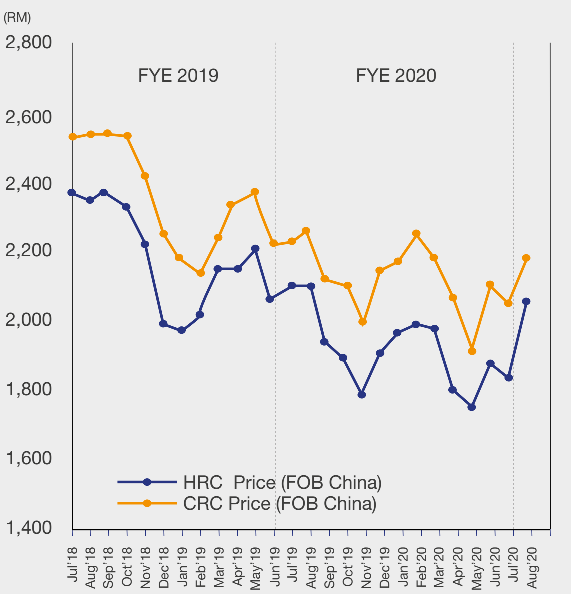
- March 2019: Initiation of anti-dumping investigation against China, Korea, Japan, & Vietnam of CRC width more than 1300mm
- April 2019: Industry players' submission of the Iron & Steel policy white paper to MITI for finalisation
- May 2019: Anti-dumping duties reviewed against China, Korea & Vietnam of CRC width less than 1300mm
- November 2019: Gazetted prohibition of importation of alloy CRC
- December 2019: Effected anti-dumping duties against China, Korea, Japan & Vietnam of CRC width more than 1300mm

With the above coupled with rising price trend into the calendar year 2020 and healthy forward-order book after Chinese New Year, the 2nd half of FYE 2020 was to mark the turning point of the CRC subsidiary's performance. But that was abruptly disrupted by the pandemic shutdown. Post resumption in May, the CRC subsidiary had pre-MCO orders to restart its manufacturing operations quickly as customers particularly those in white-goods and furniture manufacturing quickly got back into business. Post-resumption's sales volume had recovered to around 57% of normalisation in May and around 97% in June: both months with better margins due to the rising price trend. With the COVID-19 and six weeks of business shutdown, sales volume in the 2nd half of FYE 2020 had declined by only about 8% compared with the corresponding preceding period.

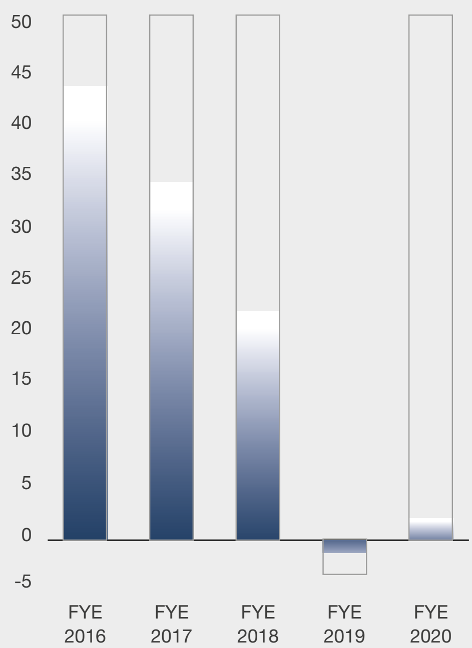
The authorities' announcement of initiation of administrative review of anti-dumping duties on CRC alloy and non-alloy steel imports from Vietnam on 28 July 2020 – potentially closing-off the last loop-hole on unfair competition – should augurs well for the CRC subsidiary in the next financial year.

Consequently, the CRC subsidiary managed to record a small EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) of RM2.2 million, from a negative RM0.65 million in the preceding financial period.

HRC Price vs CRC Price (RM)



MCRC's EBITDA in RM' million



As a result, the segment's performance ratios as outlined in Table 3 below (which are supplementary to the segment analyses disclosed in Note 30 of the financial statements) showed all around weaker performance for the Steel Tube segment but marginal improvement for the CRC segment due to its lower losses.

Table 3	Cold Rolled		Steel Tube	
	FYE 2020	FYE 2019	FYE 2020	FYE 2019
Segment's Revenue/Assets Employed	0.94	0.96	0.95	1.20
Segment's Net Earnings/Assets Employed (Sens on Ringgit)	-2.71	-3.66	0.27	2.33
Segment's Assets/Total Assets	65.9%	67.7%	33.9%	32.5%
Segment's Net Earnings/Total Earnings	n.a.	n.a.	n.a.	n.a.
Operational Return on Assets (EBIT/Average Assets)	-2.4%	-2.9%	2.5%	4.5%

OUTLOOK AHEAD

Macroeconomic outlook for the next financial year remains grim with the COVID-19 pandemic unabated and continuing to weigh down on global recovery from the deepest economic recession since World War II. (Source: World Bank). Topping that, the U.S.-China decoupling plus the upcoming hugely consequential 59th U.S. presidential election add to global economic uncertainties and geopolitical risks. Domestically, the nation's pace of recovery remains stymied by its trading-partners' pandemic struggles, border closure, and its inherent fiscal constraints.

The pandemic crisis has polarised the nation's economy with a few clear winners at one end of the spectrum, and clear losers at the other end. If ranking that spectrum of winners at ten and the losers at zero, the Group's steel businesses should sit somewhere between five to seven in that spectrum. Where steel demand has slackened in certain application areas, the pandemic has boost demand for steel in the manufacturing of hospital beds, fittings & medical equipment; household white goods; and even vehicles. Malaysia like all other nations affected by the pandemic have dug deep into deficit fiscal spending to cushion the recession and to spur economic recovery. A portion of these spending would end up in infrastructural and construction projects that would support a broad spectrum of the economy. This is evident in China's rebound from the pandemic which saw robust steel demand and uptrend in steel prices. Domestically, various infrastructural and construction projects dotting the country have resumed work, and talks of other planned developments (i.e. Bandar Malaysia development, KL-S'pore High Speed Rail, Mass Rapid Transit 3) coming on stream next fiscal year have boost sentiments. All the above factors are expected to positively support the Group's steel business performance in the first half of the next financial year. However, the direction in the second half of the next financial year remains opaque and largely depends on whether the pandemic crisis would succumbs or further deepens at the global stage. The latter scenario would be devastating as fiscal and monetary stimulus-options would have ran thin; whilst, the former scenario with the gradual reopening of borders and investment inflows would significantly improve outlook.

Regardless of the external factors' direction, the Group remains steadfast in driving performance from within. The Group's various cost-containment measures coupled with recent investments in the CRC's pickling-line revamp, new acid regeneration plant, and solar power initiatives should collectively support bottom-line performance, especially in 2nd half of the next financial year. Barring another lock-down or outbreak in global-geopolitical tension, the Group could possibly deliver a breakeven or better performance for the next finance year.

SUSTAINABILITY STATEMENT

This Sustainability Statement is made in compliance with Bursa Malaysia's Listing Requirements as specified in Appendix 9C Paragraph 29, and Practice Note 9 Paragraph 6. This Statement contains contextualized information which are integral to the overall understanding of the Group's corporate governance practices and as such should be read in conjunction with the Group's Corporate Governance Overview Statement; and the Statement on Risk Management and Internal Control. 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.

A. OVERVIEW

The Group's steel businesses have been in uninterrupted continuous operations for more than 50 years for its steel tube manufacturing and 30 years for its Cold Rolled Coil manufacturing – subsisting over numerous economic cycles and crises in an industry generally regarded as difficult. The Group holds the view that the preservation of its economic existence is dependent on its long-term ability to provide value to customers in ways that conserve the eco-social environment in-which it operates whilst maintaining a win-win co-existence with various stakeholders. Illustration 1 below summarises the Group's view on sustainability and its dynamics.

Our sustainable business practices are attuned towards

- **Adding Value**
- **Responsible use of Finite Resources**
- **Stakeholders Engagement**

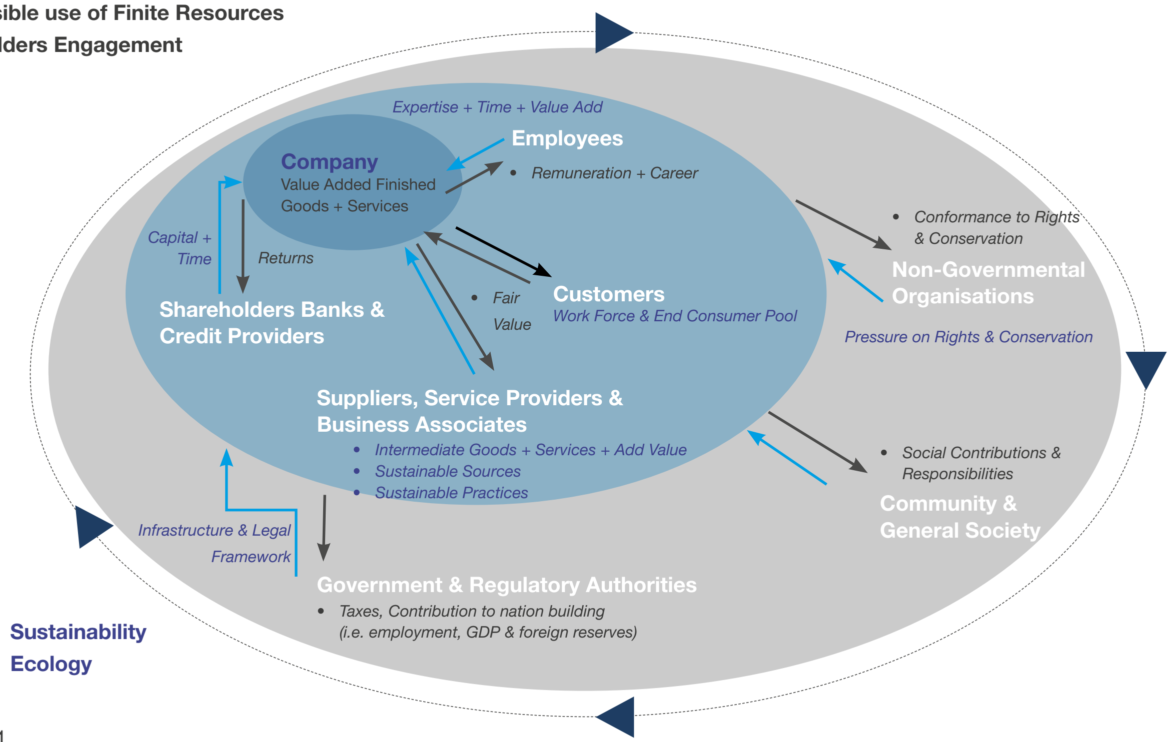


Illustration 1

The Group's sustainability faced its greatest test with the sudden COVID-19 pandemic outbreak in the 2nd half of the current financial year. Businesses were shutdown nationwide for six weeks and beyond, and the entire economy plunged into an unprecedentedly deep recession. The Group emerged from the shutdown shaken but comparatively unscathed to quickly normalise operations. Its ability to achieve business normalisation within a couple of months post-shutdown is a testimony on the resilience of its 'economic, social, and environmental' sustainability. With the pandemic unabated and threats continuing to loom, Group hopes its 'sustainability governance and best practices' would continue to help it ride-out the debacle.

The ensuing Parts (B) and (C) of this Statement discuss the Group's sustainability governance structure and sustainability framework – which remained much the same as reported in the preceding financial year. Readers already familiar with these should skip to Part (D) which discusses the Group's 'material sustainability matters' for the current financial year.

B. GOVERNANCE: STRUCTURE, ROLES, & RESPONSIBILIES

Sustainability effort in the Group extends to all subsidiary entities and business units, under a single governance structure (as shown in illustration 2 below) which is synonymous with its corporate governance structure. The Board is ultimately responsible for the Group's sustainability integration and compliance.

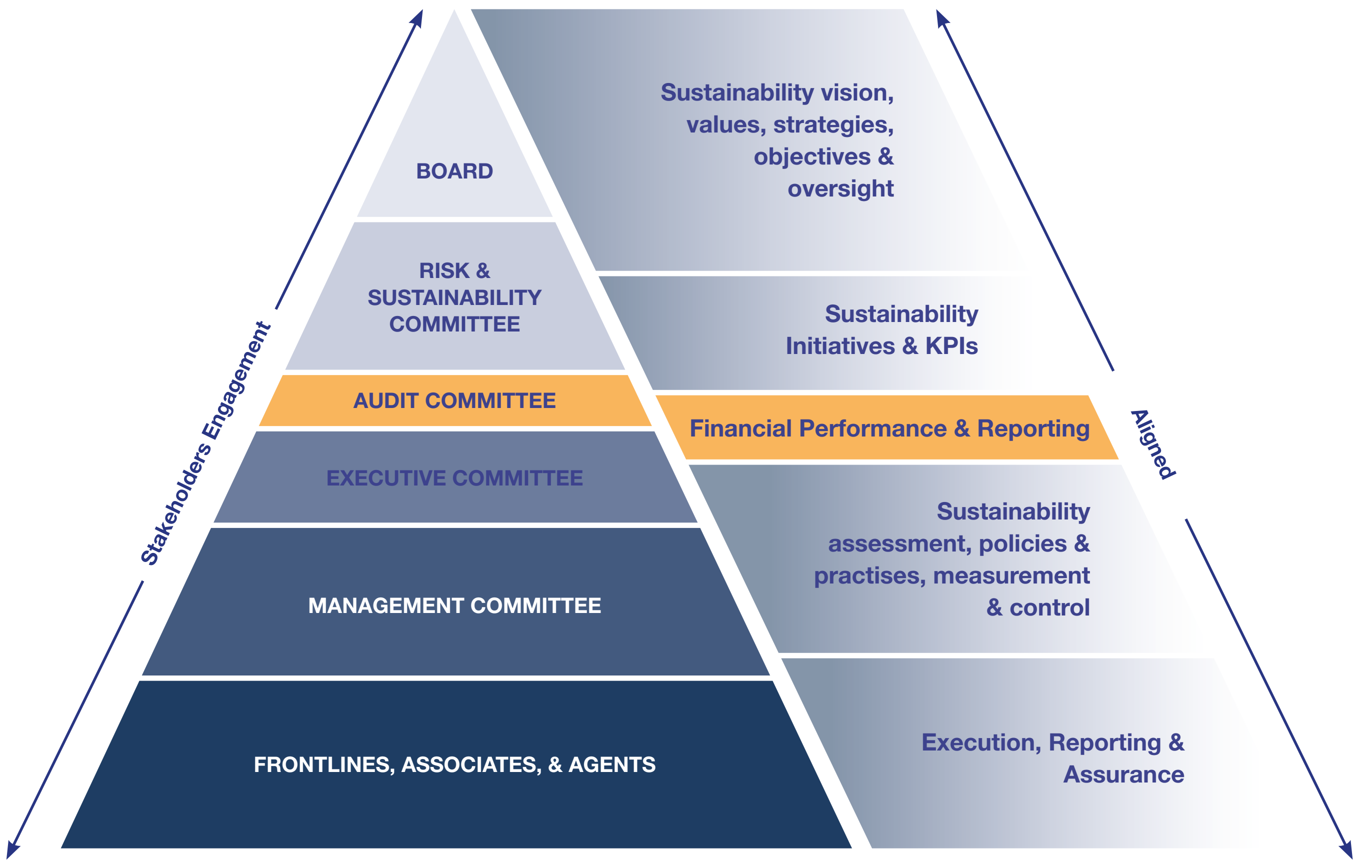


Illustration 2

Sustainability is an embedded component of the Group's corporate governance, and is driven from the top by the Board via a Risk and Sustainability Committee (RSC) helmed by a senior independent non-executive director.

The RSC plays an oversight role over both 'risk and sustainability management' undertaken by the Management. The RSC convenes quarterly together with the executive management represented through an Executive Committee (EXCO) to review principal risks and material sustainability matters along with internal audit findings.

The Internal audit (outsourced to an independent 3rd party) also provides a level of assurance on the adequacy and compliance of the Group's sustainability framework, policies, and procedures. To ensure proper linkage between risk and sustainability management with the Group's financial performance and reporting, the Audit Committee also plays an integral role in the governance structure to address the aforementioned with the EXCO.

The EXCO in-turn steers a whole range of strategic, business and organisational matters including "sustainability" with the key operations' respective Management Committee (MANCO). The MANCO in-turn drives frontline and functional units' management of 'sustainability matters' and their day-to-day administration of sustainable business best practices, in tandem with other strategic and operational undertakings. It is also at this level where most of the sustainability Key Performance Indicators (KPIs) are measured, reported, and managed.

The Group's top-down governance structure not only provides a mechanism for two-ways communication and feedback throughout the hierarchy of the organisation, but also empowers each layer to engage stakeholders relevant to its level in a manner which is coherent and aligned with its overall corporate and sustainability objectives.

The Group's governance structure has proven to be highly effective in the organisation's ability to coordinate with key stakeholders at relevant levels in a timely manner and response quickly to the Pandemic threats over the current financial year.

C. FRAMEWORK

The Group's sustainability management framework – as illustrated below- focuses on mitigating risks and taking advantage of opportunities on sustainability matters to further the achievement of its corporate and sustainability objectives.

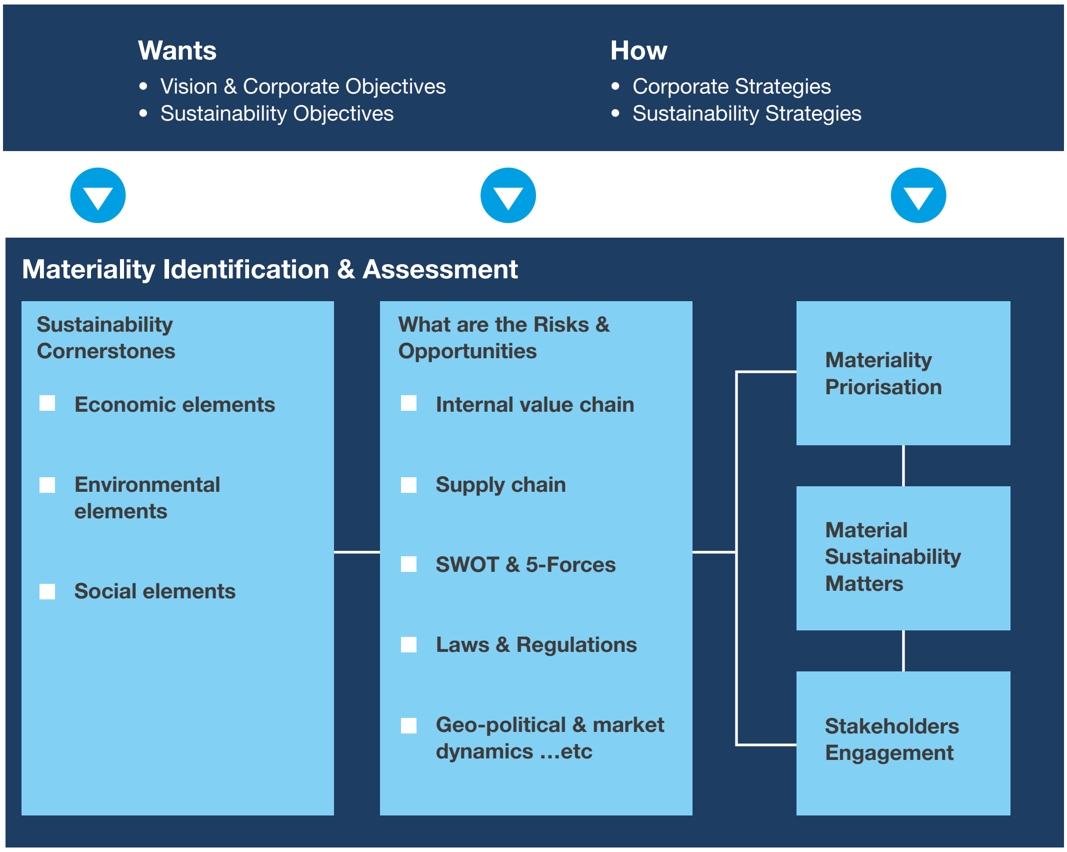


Illustration 3

The Group adopts the view that 'material sustainability matter' identification and assessment should be kept simple and agile for timely response – rather than turning it into an academic quantification exercise. The need to physically engage stakeholders during the "materiality assessment" stage rarely arises in today's information-age, as their wants in-relation to sustainability issues are often well promulgated and can be rapidly identified. In practise, the Group's steel businesses constantly engage stakeholders old and new in the course of their prioritised dealings – which provides a continuous loop of identification and management of material sustainability matters throughout the financial year. The framework has proven to be highly effective with the pandemic crisis, as the Group was able to quickly red-flag those material matters and immediately engage affected stakeholders with appropriate responses.

Illustration #4 below is a snapshot of the Group's materiality matrix where 'sustainability matters' are measured against its significance to the Group and to the stakeholders for the current financial year. While every mentioned 'matter' on the matrix is important to the Group's long-term sustainability, the top right-hand quadrant represents those of the highest significance of-which are prioritised for reporting hereinafter. The positioning of these 'sustainability matters' changes from time-to-time, and those in the top priority quadrant currently is consequential of the Pandemic and ensuing economic downturn.

Materiality Matrix

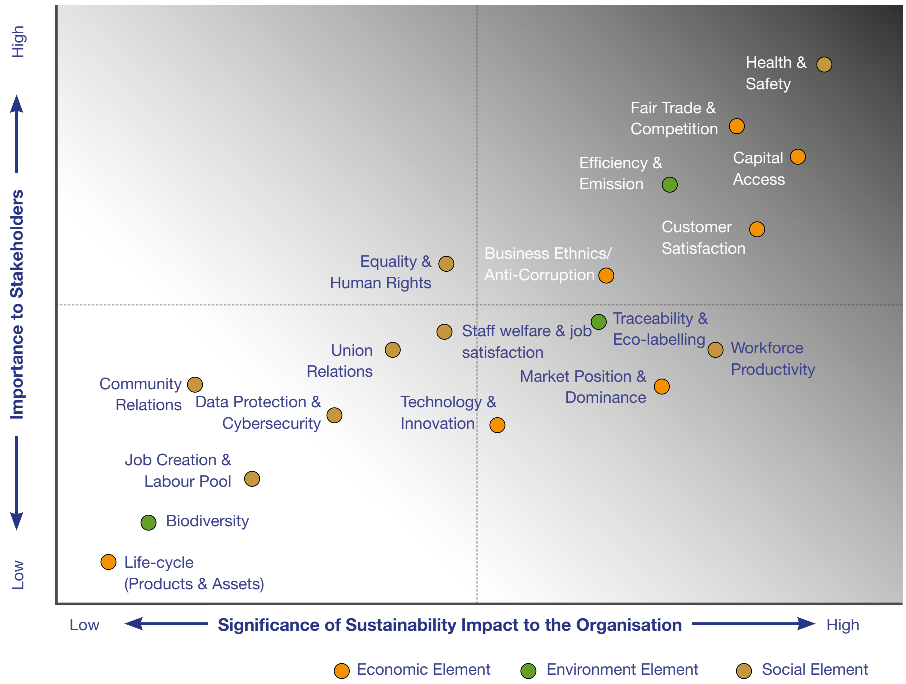


Illustration 4

In managing those sustainability matters, the Group would associate each sustainability matter with the relevant stakeholder groups; and then further profile stakeholders within that group in-order to refine the appropriate engagement strategy.

Illustration #5 below is a snapshot of the Group's nine main stakeholder groups, and how these cross-lapped the four quadrants of engagement strategies – determined by the position of the stakeholder's interest and influence on the organisation. For instance, the 'customers group' sits on all four quadrants, and the business units would need to profile and identify each customer's position in the Prioritisation Matrix to determine the engagement strategy that best applies.

Stakeholder Prioritisation Matrix

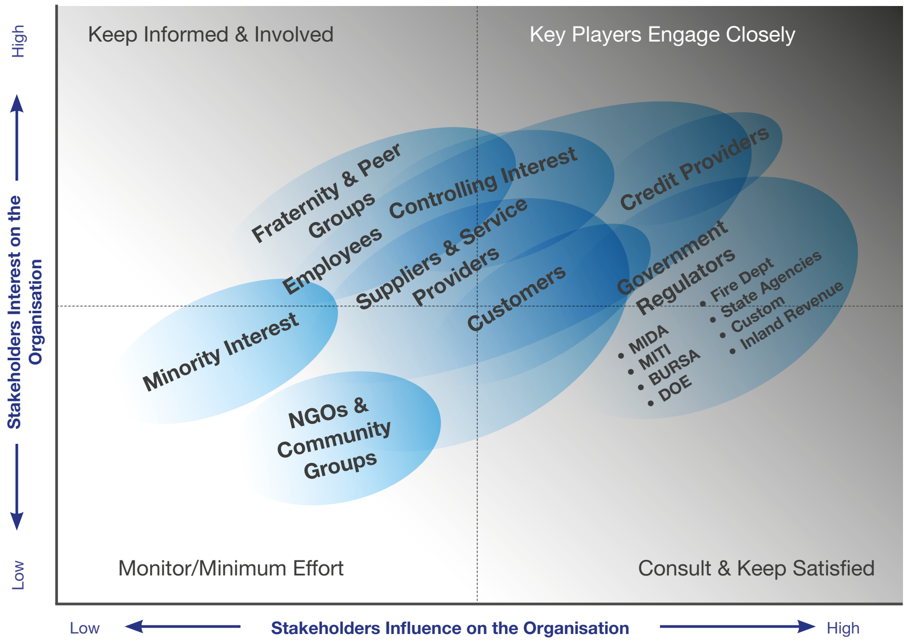


Illustration 5

The engagement approach and the frequency of engagement vary under each quadrant and for each stakeholder.

D. MATERIAL SUSTAINABILITY MATTERS

Set-out below are highlights of the Group's 'material' sustainability matters for the current financial year.

Economic-Environment & Social

1.0 Health & Safety

'Health & Safety' (H&S) has become the top priority sustainability matter with the Pandemic outbreak over the current financial year - not only from the perspective of staff well-being but also from the perspective of 'business continuity'.

The authority had set stringent Standard Operating Procedures (SOP) related to health and safety protocol as preconditions for business resumption, and the Group has since worked effortlessly to ensure continuous compliance with those. All foreign workers and high-risk individuals within the Group had undergone compulsory health screening prior to work resumption. Daily temperature screening, social distancing, facial-masking, and sanitising requirements are strictly enforced. The 'distancing rules' did not impact the Group's production capacity as its manufacturing lines are partially automated with ample distancing amongst workers on the factory floors.

Whilst the Group's stringent SOP compliance cannot guarantee that its staff would not get infected from elsewhere, it would help red-flag early symptoms and mitigate potential spread on its business premises. Nevertheless, the Group is fortunate to report zero incident of COVID-19 infection amongst its staff to-date; for-which if did, will result-in its business premises closure for disinfection and self-quarantine for others. Such a disruption will likely last a week or two with significant negative financial impact. In this regard, residue risk remains in this area. The Group is pleased to report that onsite inspections by the authorities on SOP compliance so far have been given a clean-bill.

Under ordinary times, regulatory H&S requirements for factory operations are already elaborate. The Group's manufacturing operations are regulated by the 'Occupational Safety and Health Act' and the 'Factories and Machinery Act', which combined covers wide ranging regulations covering licensing, machinery upkeep, environmental management, and staff welfare. The Group's operations work vigorously to comply with these, and its steel units each has established H&S committee aided by designated officer to oversee initiatives, awareness & training, incidents management, and compliance. The Group's H&S policies, processes, and procedures are duly incorporate into its quality management system, and Internal Control Procedures.

Group's factories have elaborate rules to ensure safe and conducive work environment for the staff. Factory floor staff are equipped with hardhats, safety attire, safety shoes, and face mask. Factory floor visitors must be guided and are required to attend a safety video debrief before being allowed access. The Group gives first priority to local hirings, and shortfalls are filled by foreign contract workers (averaging 24% of its factories' combined workforce). It is the Group's policy to only hire legalised foreign workers through licensed channels devoid of any insinuation of force labour or human trafficking. All workers (local and foreign) are treated equally and given equal access to basic staff welfare and training; and no staff are allowed overtime work beyond the limits prescribed by the Employment Act. None of its workers were furloughed over the Pandemic.

Despite elaborate training on HSE rules and procedures, incidence (as per summary table below) still occurred due to staff's unsafe conduct and lapses in safety rules compliance:

Health & Safety

Table 1	Steel Tube		Cold Rolled Coil	
	FYE 2020	FYE 2019	FYE 2020	FYE 2019
a. Number of recorded incidents or failures	19	16	4	2
b. Number of cases involving injury	19	16	4	1

Note: Data for Steel Tube is for 3 factories combined, whilst the Cold-Rolled is for a single factory

Incidences involving injuries were mainly light and were reported to DOSH where applicable. There has not been any compound or HSE audit failure with DOSH and DOE over the current financial year.

Economic

2.0 Fair Trade & Competition

The steel industry -being a strategic industry- is highly susceptible to unfair trade practices particularly from aboard, given that the domestic steel market is comparatively smaller and lagging in economic-scale advantage compared to some of its larger Asian neighbours. Any regional market disruption or down-cycles usually give rise to downside risk on the domestic market to varying degrees, depending on the type of steel products and the quantum of tariff or duties in-placed. As such, maintaining a 'fair and levelled' competitive environment is one of the Group's key focus on sustainability management; and this can only be achieved through working closely with the steel and trade governing bodies, and industrial organisations.

As disclosed in the Chairman's Statement and in the Management's Statement, the Group has made significant progress in levelling off unfair pricing on cold rolled coils from abroad particularly Vietnam in the current financial year. Nevertheless, there are still much follow-up work to be done to ensure all loop holes are plugged, and that the white paper on National Steel Policy presented to the Government would eventually get adopted. In the wake of the Pandemic, there were initial concerns that global downturn could re-incentivise steel dumping from aboard. On this, the steel units engaged government stakeholders to uphold the 'buy Malaysian first' policy and take preventive measures to halt importation of steel products that are produced locally. These interactions have contributed to the rebound in the Group's steel businesses.

The Group's uphold on 'fair trade' also extends to its suppliers and service providers. In this regard, the Group periodically assesses its major suppliers and service providers to ensure their trade practices are fair and not in violation of applicable Anti-Profiteering Regulations or Competition Act, especially in wake of the Pandemic. Top and mid-management engage major suppliers and service providers at various levels throughout the year in face-to-face interview, on-site inspection, mailer questionnaires, and peer feedback.

Social-Economic

3.0 Quality & Customers Satisfaction

More than 95% of the Group's steel customers have been with it for more than 5 years. The key to the Group's high customer's retention and long-term sustainability is its 'value proposition' on product quality and customer-service.

In the days following the end of the lockdown, the steel units faced much uncertainties with its business resumption as the customers themselves were either still shut or only getting started to meet safety protocols to resume their business. The management took steps to connect closely with each of its customers adopting personalised engagement strategy to support their business resumption and vis-versa to fulfil order books and sales collection. Two months later, the steel units and substantially all their customers are back on the path towards normalisation.

Despite the extensive quality systems and checks, product quality issues still exist sporadically, and these are diligently reported, assessed, and remedied. Outlined in Table 2 below is the steel operations' quality issue record for the current and preceding financial years.

Table 2	Steel Tube		Cold Rolled Coil	
	FYE 2020	FYE 2019	FYE 2020	FYE 2019
a. Number of quality issues raised by customers (cases)	20	22	21	18
b. Technically justified quantity involved (tonnes)	7.33	10.32	188.04	36.48
c. Percentage of (b) over production volume -%	0.011%	0.013%	0.12%	0.02%

Whilst 'product quality' is one of the main customers' requirement, the steel operations also focus on three other performance yardsticks in the delivery of total customers' satisfaction. Outlined in table 3 below is a summary of the annual customer satisfaction survey for the current and the preceding financial years.

Table 3	Steel Tube		Cold Rolled Coil	
	FYE 2020	FYE 2019	FYE 2020	FYE 2019
a. Product (Range & Quality)	78.75%	80.16%	77.31%	73.39%
b. Order Management (efficiency & experience)	77.43%	76.81%	80.09%	78.02%
c. Technical Service (support)	76.81%	77.45%	77.55%	72.78%
d. People (knowledge & service)	81.57%	81.87%	85.19%	81.45%

Economic

4.0 Access to Capital

The mid-stream steel manufacturing businesses of the Group are generally capital intensive. While intensive capital asset investments are one-off, its daily operations also require substantial short-term working capital to financing raw material procurement and credit sale. The Group taps on both equity and debt sources for capital depending on the nature of financing.

The pandemic has caused heighten anxiety amongst credit providers during the initial period given the surrounding uncertainties and serious potential economic impact. The banks went into total risk avoidance mode and were negative bias on all funded credit. The management took immediate steps to connect with all its credit providers to allay concerns and where necessary rescheduled timeline for near-term debt service. By the second month of post-resumption, the Group had gained sufficient momentum on its cash conversion to regularise its debt service. (See Note 4(b)).

The Group is pleased to report that all its credit lines remained intact as at the close for the financial period, and it has more than sufficient headroom to meet peak demand as shown in table 4 below.

Debt Capital

Table 4	Steel Tube		Cold Rolled Coil	
	FYE 2020	FYE 2019	FYE 2020	FYE 2019
Banks				
a. Drawn (%)	31.47%	67.29%	32.49%	39.48%
b. Headroom (%)	68.53%	32.71%	67.51%	60.52%
Non-Banks				
a. Drawn (%)	26.83%	16.70%	47.00%	42.71%
b. Headroom (%)	73.17%	83.30%	53.00%	57.29%

Social-Economic

5.0 Business Ethics & Anti-Corruption

Amid the battered economy gaining some footing again, the amended section 17A of the Malaysian Anti-Corruption Commission Act introduced in 2009 - which enables commercial organizations and associated persons to be subjected to legal proceedings should the person associated with the commercial organisation commits corruption offences - took effect on 1 June 2020.

Even before the MACC Act 2019, the Group has always strived to maintain the highest standards of business integrity as institutionalized through-out its policies, and standard operating procedures. To realign with the finer requirements of the amended Act, the Group rolled out its elaborate ‘anti-corruption compliance programme’ in the current financial year.

There has not been any incidence of conduct violation or breach during the current financial period.

The Group also expects similar standard on ethical business practices from its suppliers and service providers. Prospecting suppliers and providers are subjected to comprehensive sustainable practice assessment covering the aforementioned areas and more, before being admitted into its panel. Existing suppliers and providers are required to comply with the Group’s ‘Suppliers Code of Conduct’ covering its expectations on labour practices; health, safety, and environment; ethics; and management systems. Compliance assurance is enhanced through site-visits to key suppliers’ operations on a random basis, and from annual sustainability questionnaire.

Environment-Economic

6.0 Efficiency & Emission

One of the Group's key sustainable strategies is to use the least input of scarce resources to product a unit of output with the least impact on the environment. It strives to achieve the aforementioned with the following means throughout all stages of its production-value-chain.

i) Sourcing
The primary input resource used is carbon steel Hot Rolled Coil (HRC) which is made from the most abundant element on Earth, iron ore. Iron and its steel derivatives are amongst the globe's most sustainable raw materials as these are merely transformed and recyclable. The Group's sustainability focus in this area is on the suppliers and the origin of supply. In this regard, the Group has a strict selection criteria to source its raw steel materials only from producers that meet world-class environmental and social sustainability practices. To ensure compliance, its management conduct annual survey and visits to all sourcing mills to review sustainability practices as requisite for continuous business.

ii) Production & Carbon Footprint
The conversion from raw HRC to Cold Rolled Coil (CRC) and/or steel tubes and pipes involves multiple processing stages which consume significant amount of energy (in the form of electricity and gas), water, and soluble lubricants. The conversion processes also result in steel scrap by-products, zinc ashes, waste water, and spent-acid. Noise emission are generally within permissible levels, whilst air pollution is minimal and confined to the zinc coating process. The Group's sustainability strategy in this area is to constantly seek ways to minimise the carbon footprint, waste and emission, and has established special committee to manage the aforementioned. Over the current financial year, the committee continued to work on various ways to reduce the carbon footprint of its operations.

Environment

Table 5	Steel Tube		Cold Rolled Coil	
	FYE 2020	FYE 2019	FYE 2020	FYE 2019
a. Estimated CO_2 Emission (tonnes)	2,756	3,037	14,702	14,499
b. CO_2 Emission per tonne of steel output (tonnes)	0.0394	0.0383	0.095	0.101
c. Waste generation per tonne of steel output	n.a.	n.a.	32.05	35.67

iii) Waste & Emission
The sustainability objective in this area is to minimise waste and by-products whilst maximising recovery with minimum impact on the environment. The operations' primary waste by-product is steel scrap, and they have been working continuously to minimise scrap output (measured as 'yield loss') through numerous raw material optimisation and production-line refinement initiatives. Outlined below are records of its yield loss on raw coils, which are recovered through scrap aggregation and sales.

Environment

Table 6	Steel Tube		Cold Rolled Coil	
	FYE 2020	FYE 2019	FYE 2020	FYE 2019
Steel scrap recovery (yield loss %)	3.16%	3.60%	4.67%	5.41%

The steel operations passed all environmental audits conducted by the DOE (Department on Environment) in the current financial year. There were no incidents of environmental violations or fines recorded.

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

Shazal Yusuf bin Mohamed Zain
Senior Independent Non-Executive Director

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

Kwo Shih Kang
Independent Non-Executive Director

Secretary
Lily Yin Kam May

Audit and Governance Committee

Kwo Shih Kang
Chairman

Shazal Yusuf bin Mohamed Zain
Member

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
Tel. No.: 03-6252 8880
Fax No.: 03-6252 8080

Registered Office
Suite 11.05, 11th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Tel. No.: 03-6252 8880
Fax No.: 03-6252 8080

Principal Place of Business
Lot 717 Jalan Sungai Rasau
Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan
Tel. No.: 03-5510 6608
Fax No.: 03-5510 3720

Solicitors

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

Auditors

Messrs PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Tel. No.: 03-2173 1188
Fax 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 : 2017). Our 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.

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

International Standards:

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

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

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

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

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

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

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

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

QUALITY RECOGNITION (CONTINUED)

Malaysian Standards:


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


MS 863 : 2010 for Welded Steel Pipe


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


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


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

Other Certifications:


IRON AND STEEL PRODUCTS
- Cold Formed Welded Structural Hollow Sections


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


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


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

PROFILE OF DIRECTORS

TUNKU DATO' YAACOB KHYRA

Malaysian
Male
Aged 60

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, 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.

On 26 November 2019, Tunku Dato' Yaacob was appointed to the Board of Turiya Berhad as Non-Independent 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 44 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.

ROSHAN MAHENDRAN BIN ABDULLAH

Malaysian
Male
Aged 38

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.

AZLAN BIN ABDULLAH

Malaysian
Male
Aged 62

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 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 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 44 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.

TAN SRI DATUK SERI RAZMAN MD HASHIM

Malaysian
Male
Aged_81

Independent Non-Executive Director

Member of the Audit & Governance 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.

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 (formerly known as SILK Holdings 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.

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

Malaysian
Male
Aged 65

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 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.

SHAZAL YUSUF BIN MOHAMED ZAIN

Malaysian
Male
Aged_49

Senior Independent Non-Executive Director

Member of the Audit & Governance Committee

Chairman of the Risk & Sustainability Committee

En Shazal Yusuf bin Mohamed Zain was appointed to the Board of Directors of the Company on 2 January 2015 as an Independent Non-Executive Director. En Shazal is the Chairman of the Risk & Sustainability Committee and a Member of the Audit & Governance Committee of the Company. He currently sits on the Boards of Melewar Industrial Group Berhad and several other private limited companies.

En Shazal holds a Master of Science in Shipping, Trade and Finance from City University Business School, United Kingdom. He also holds a Bachelor of Arts in Economics from Nottingham University, United Kingdom.

En Shazal commenced his working career in 1994 as a Corporate Finance Executive at Commerce International Merchant Bankers Berhad ("CIMB"). He moved in 1996 to BSN Merchant Bankers as Assistant Manager, Corporate Banking before rejoining CIMB in 1998 as Senior Strategist, Treasury & Risk Management until 1999, when he decided to leave the investment banking sector to manage various business interests. He is currently the Managing Director of Confoil (Malaysia) Sdn Bhd and Shaz Inflight Sdn Bhd.

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

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

En Shazal 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.

DATIN SERI RAIHANAH BEGUM BINTI ABDUL RAHMAN

Malaysian
Female
Aged_58

Independent Non-Executive Director

Member of the Audit & Governance Committee

Member 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. She currently sits on the Boards of MAA Group Berhad, Melewar Industrial Group 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.

KWO SHIH KANG

Malaysian
Male
Aged_60

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

Malaysian, aged 60, Male
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 31 of this annual report.

ROSHAN MAHENDRAN BIN ABDULLAH

Malaysian, aged 38, Male
Executive Director/Group Chief Executive Officer

Mr Roshan M. 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 32 of this annual report.

CHOO KAH YEAN

Malaysian, aged 55, Male
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 33 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

Malaysian, aged 55, Male
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 31 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.

FANNY TAN BOON SIM

Malaysian, aged 42, Female
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 18 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 a 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

	2016	2017	2018	2019	2020
1 Financial highlights of Statements of Profit or Loss					
Revenue (RM mil)	566.8	726.2	793.4	694.5	**596.1**
EBITDA (RM mil)	68.5	73.9	44.3	12.8	**13.0**
Profit/(loss) before tax (RM mil)	32.4	46.4	22.5	(9.7)	**(10.5)**
Profit/(loss) after tax (RM mil)	24.2	34.7	16.1	(12.0)	**(10.6)**
2 Financial highlights of Statements of Financial Position					
Total assets (RM mil)	563.7	668.1	694.5	666.9	**634.0**
Total borrowings (RM mil)	191.1	249.7	120.4	119.6	**100.3**
Shareholders equity (RM mil)	335.4	374.2	391.6	395.9	**385.9**
3 Financial indicators					
Return on equity (%)	7.2	9.3	4.1	(3.0)	**(2.7)**
Return on total assets (%)	4.3	5.2	2.3	(1.8)	**(1.7)**
Gearing ratio (Times)	0.57	0.67	0.31	0.30	**0.26**
Net earnings/(loss) per share (sen)	8.6	12.3	5.7	(3.9)	**(3.2)**
Net asset per share (RM)	1.19	1.32	1.38	1.21	**1.18**
PE ratio	5.6	6.7	6.8	(7.6)	**(8.8)**
Share price as at FYE (RM)	0.475	0.820	0.385	0.300	**0.285**

ANALYSIS OF SHAREHOLDINGS
As at 1 October 2020

Total Number of Issued Shares	-	327,057,599
Class of Shares	-	Ordinary Shares
No. of Shareholders	-	5,235
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	688	13.14	22,791	0.01
100 - 1,000	1,865	35.63	955,730	0.30
1,001 - 10,000	1,756	33.54	8,834,906	2.70
10,001 - 100,000	829	15.84	26,369,097	8.06
100,001 and below 5% of issued shares	96	1.83	48,414,810	14.80
5% and above of issued shares	1	0.02	242,460,265	74.13
Total	**5,235**	**100.00**	**327,057,599**	**100.00**

THIRTY LARGEST SHAREHOLDERS
As at 1 October 2020

No.	Name	No. of Shares Held	[a] % of Shares
1.	Melewar Industrial Group Berhad	242,460,265	74.13
2.	CIMB Group Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for DBS Bank Ltd)	7,984,400	2.44
3.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for UOB Kay Hian Pte Ltd)	7,584,570	2.32
4.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for Daiwa Capital Markets Singapore Limited)	5,370,000	1.64
5.	Tan Cheng Chai	4,379,000	1.34
6.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary: Marubeni-Itochu Steel Inc.)	3,580,000	1.10
7.	Law Kok Thye	776,000	0.24
8.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yong Choong Hing)	637,000	0.20
9.	Tee Chee Keong	571,700	0.18
10.	Tan Aik Choon	543,600	0.17
11.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Chau Guan Fock)	534,000	0.16
12.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Ho Keat Soong)	532,800	0.16
13.	Ng Teng Song	486,900	0.15
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tey Ay Mian)	431,280	0.13
15.	Lee Chee Beng	406,700	0.12
16.	Maybank Securities Nominees (Asing) Sdn Bhd (Beneficiary: Maybank Kim Eng Securities Pte Ltd for Divyesh Nagindas Doshi)	385,200	0.12
17.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB Bank for Cheah Chee Siong)	361,100	0.11
18.	Lim Seng Chee	333,000	0.10
19.	Dolly Ung Suan Sim	325,000	0.10
20.	Kenanga Nominees (Asing) Sdn Bhd (Beneficiary: Pledged securities account for Wu Teng Siong)	325,000	0.10

ANALYSIS OF SHAREHOLDINGS (CONTINUED)
As at 1 October 2020

THIRTY LARGEST SHAREHOLDERS (CONTINUED)
As at 1 October 2020

No.	Name	No. of Shares Held	[a] % of Shares
21.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Li Cheng Thong @ Lee Chen Thung)	322,000	0.10
22.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tan Chia Hong @ Gan Chia Hong)	312,800	0.10
23.	Beh Siew Kheng	300,000	0.09
24.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB for Tew Boon Piow)	300,000	0.09
25.	Tan Ah Sim @ Tan Siew Wah	300,000	0.09
26.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Ng Tiong Sew)	276,100	0.08
27.	Ooi Chin Hock	267,800	0.08
28.	Tee Cheng Hua	265,400	0.08
29.	Lim Jit Hai	255,700	0.08
30.	Chuah Kim Lee	255,000	0.08
	Total	**280,862,315**	**85.88**

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 2020

	Number of Shares Held			
Name	**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]

DIRECTOR SHAREHOLDINGS
As at 1 October 2020

	Number of Shares Held			
Name	**Direct**	**%[1]**	**Indirect**	**%[a]**
Tunku Dato' Yaacob Khyra	-	-	242,523,025	74.15[1]
Azlan bin Abdullah	100,000	0.03	-	-

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.

(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 2020

Number of Warrants Issued	-	21,756,070
Number of Warrants Exercised	-	-
Number of Warrants Unexercised	-	21,756,070
Number of Warrants Holders	-	140
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 Shares	% of Issued Warrants
Less than 100	10	7.14	380	0.00
100 - 1,000	64	45.71	29,900	0.14
1,001 - 10,000	44	31.43	175,826	0.81
10,001 - 100,000	20	14.30	712,895	3.28
100,001 and below 5% of issued warrants	1	0.71	632,047	2.90
5% and above of issued warrants	1	0.71	20,205,022	92.87
Director	0	0.00	0	0.00
Total	**140**	**100.00**	**21,756,070**	**100.00**

THIRTY LARGEST WARRANT HOLDERS

As at 1 October 2020

No.	Name	No. of Warrants Held	[(a)] % of Issued Warrants
1.	Melewar Industrial Group Berhad	20,205,022	92.87
2.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: UOB Kay Hian Pte Ltd)	632,047	2.91
3.	Chong Choon Keat	76,000	0.35
4.	Kenangan Nominees (Tempatan) Sdn Bhd (Beneficiary: Abdul Rasik bin Talip)	60,000	0.28
5.	Lew Yoke Chan	60,000	0.28
6.	Tan Zhi Wee	51,800	0.24
7.	Badri bin Abdul Rahman	50,000	0.23
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tan Eng Hock)	48,700	0.22
9.	Poh Thiam Shu	40,000	0.18
10.	Chee See Giap @ Sin Chien	39,145	0.18
11.	Lim Ah Kow	31,600	0.15
12.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Mohd Zafri bin Abdan)	31,000	0.14
13.	Tee Cheng Hua	30,450	0.14
14.	Tan Sow Eng	30,000	0.14
15.	Yusri Hasnan bin Chu Abu Bakar	26,900	0.12
16.	See Chai Seng	25,000	0.11
17.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yong Choong Hing)	24,400	0.11
18.	CGS-CIMB Nominees (Asing) Sdn Bhd (Beneficiary: Pledged securities account for Walter Wurtz)	20,000	0.09
19.	Thi See Kiat	20,000	0.09
20.	Syarifah Khadijah Khairul Bariah binti Syd Noh	18,600	0.08
21.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Leong Kam Leng)	18,300	0.08

ANALYSIS OF WARRANT HOLDINGS (CONTINUED)
As at 1 October 2020

THIRTY LARGEST WARRANT HOLDERS (CONTINUED)
As at 1 October 2020

No.	Name	No. of Warrants Held	[a] % of Issued Warrants
22.	Aminuddin bin Malik	11,000	0.05
23.	HLB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Yeo Siew Hee)	10,000	0.05
24.	Ramash Kumar a/l Nariandas	10,000	0.05
25.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Francis Chia Mong Tet)	10,000	0.05
26.	TA Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yong Choong Hing)	10,000	0.05
27.	Abdul Rasik bin Talip	9,000	0.04
28.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Lee Liong Seng)	8,950	0.04
29.	Lee Wai Shiem @ Lee Wai Shien	8,500	0.04
30.	Cha Khee Sun @ Chia Kee Sun	7,500	0.03
	Total	**21,623,914**	**99.39**

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 2020

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 WARRANT HOLDINGS
As at 1 October 2020

Name	Number of Shares Held			
	Direct	%	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.

(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 fully committed to maintain high standards of corporate governance throughout the Group to safeguard and promote the interests of the shareholders and to enhance the long term value of the Group.

The Malaysian Code on Corporate Governance 2017 ("MCCG 2017" or "the Code") aims to set out principles and best practices towards achieving excellent corporate governance framework. This statement sets out the manner in which the Group has applied the three (3) principles prescribed in the MCCG 2017 namely Principle A: Board Leadership and Effectiveness; Principle B: Effective Audit and Risk Management; and Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Corporate Governance Report ("CG Report") sets out in detail the manner in which the Board has applied each practice of the MCCG 2017 for the financial year ended 30 June 2020, which is available on the Company's website at https://www.mycronsteel.com/corporate-governance.php

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is collectively responsible to the Company's shareholders for the long–term success of the Group for its overall strategic direction, its values and its governance.

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 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 ultimate responsibility for decision making, however, lies with the Board. These Board Committees are chaired by Independent Non-Executive Directors.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Chairman and GCEO

The positions of the Executive Chairman of the Board and GCEO are held by two (2) different individuals and each has a clear accepted division of responsibilities to ensure a balance of power and authority.

The Board has elected Tunku Dato' Yaacob Khyra as the Company's Executive 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.

The GCEO 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.

3. 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 Companies Act 2016.

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 Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("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.

4. Access to Information and Meeting Materials

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 may exercise their right to obtain independent professional advise in accordance with the steps set out in the Board Charter.

5. Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and also to provide reference for Directors in relation to the Board's role, powers, duties and functions.

The Board reviews and updates its Board Charter regularly as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. The Board Charter was last reviewed and approved by the Board on 28 May 2018 to realign the existing governance policies in the Company with the good standard of corporate governance practices prescribed by MCCG 2017 and the MMLR, where applicable or relevant.

The Board Charter is available on the Company's website at www.mycronsteel.com

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

6. Code of Conduct and Ethics

The Company had adopted the Code of Conduct and Ethics that are applicable to all Directors, Management and employees of the Group, which set forth the ethical and professional standards of corporate and individual behaviour expected to enhance the standard of corporate governance and corporate behaviour.

The areas covered by the Code of Conduct and Ethics are Compliance with Laws, Conflicts of Interest, Honesty, Fair Dealing, Confidentiality, Insider Trading, Diversity, Integrity, Selflessness and Non-Compliance.

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

7. 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 2020, 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.

8. Anti-Corruption Policy

The Board is aware of the new Corporate Liability Act via Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Group has adopted a zero-tolerance stance against all forms of bribery and corruption and will not tolerate any acts which are in breach of the Company's policies. The Group strongly believes in acting professionally, fairly and with integrity in all business dealings and relationships.

Therefore, as part of the Group's efforts to support the implementation of the anti-bribery and corruption and ethical principles practiced in the Group and to uphold the highest standards of good governance, the Board has adopted an Anti-Corruption Framework and Policy.

The Anti-Corruption Policy can be found on the Company's website.

9. Board Composition

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 eight (8) members as follows:

- one (1) Executive Chairman;
- one (1) Executive Director;
- one (1) Non–Independent Non–Executive Director; and
- five (5) Independent Non–Executive Directors.

The Independent Directors make up more than half of the Board, as recommended by the MCCG 2017. Details of the directors are set out in the Board of Directors' Profiles section in this Annual Report.

Therefore, the following prescribed requirements have been fully complied by the Board:-

- Paragraph 3.04(1) of the MMLR which stipulates that at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors; and
- Practice 4.1 of the MCCG 2017, where at least half of the Board comprises Independent Directors.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

9. Board Composition (continued)

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
Shazal Yusuf bin Mohamed Zain	Senior 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	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.

The Board appointed En Shazal Yusuf bin Mohamed Zain as the Senior Independent Non-Executive Director, 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.

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.

10. Tenure of Independent Director

The Board is aware that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years as recommended by the MCCG 2017. Upon completion of the 9 years, the Independent Non-Executive Director concerned may:

- Continue to serve on the Board if deemed appropriate and suitable by the Board, subject to him/her being re-designated as Non-Independent Director; or
- Remain as an Independent Non-Executive Director if deemed appropriate and suitable by the Board, subject to the shareholders' approval. The Board must provide justification for the decision.

The Board is also mindful of Practice 4.2 of MCCG 2017 which require the Board to seek annual shareholders' approval through a two–tier voting process should the Board decide to retain the Independent Director after the twelfth (12th) year.

One (1) of the Independent Non-Executive Directors of the Company, Tan Sri Datuk Seri Razman Md Hashim would be attaining a tenure of nine (9) years by 30 September 2021. As the next Annual General Meeting ("AGM") of the Company will only be held after that date in 2021, the NRC was requested to assess and evaluate the position of Tan Sri Datuk Seri Razman during this current financial year.

Approval of the shareholders will be obtained at the Company's AGM to be held on 30 November 2020 for Tan Sri Datuk Seri Razman to be retained as an Independent Non-Executive Director.

11. Diversity of Board and Senior Management

The Board acknowledges the importance of Board diversity, including gender diversity, for the effective functioning of the Board. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender. In this respect, the Board formalised the gender diversity policy on 24 October 2013.

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

Datin Seri Raihanah Begum binti Abdul Rahman was appointed as an Independent Non–Executive Director on 8 April 2019 which fulfilled the target set by the Board.

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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

12. Sourcing of Directors to the Board

The Board is responsible for the appointment of new Directors. The NRC is empowered to bring to the Board, recommendations as to the appointment of any new Director or to fill board vacancies as and when they arise. 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.

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

For financial year ended 30 June 2020, there has been no appointment of new Independent Director to the Board except for Mr Kwo Shih Kang who was appointed on 23 August 2019. Whilst the Board is of the view that the current directorship is adequate with the appropriate mix of skills and experience required for the Group, it is mindful of the recommendation 4.6 of the Code and the NRC continues 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

13. 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 tasked by the Board to make independent recommendations for appointments to the Board. Appointment of Directors shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

In making these recommendations, the NRC shall assess the suitability of candidates, taking into account the character, integrity, competence, professionalism, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

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

The NRC shall be chaired by an Independent Director or the Senior Independent Non-Executive Director. This is contained in the Terms of Reference of the NRC.

14. Annual assessment of the Directors, Board as a whole and Board Committees

The Board recognises the importance of assessing the effectiveness of individual Directors and the Board on an annual basis. During the financial year, the Board, through the NRC conducted a self-assessment on the performance of each individual Director and the Board as a whole. The review shall take the form of a questionnaire comprising a self–evaluation of the Board as a whole and the individual Directors, and the responses will be collected and collated by the Company Secretary, on behalf of the NRC.

The assessment of the Board by individual Directors was based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board and the Board Committees, the GCEO's performance and Board governance. There were no major concerns from the results of the assessments.

All the assessments and evaluations carried out by the NRC are minuted and its minutes are included in the Board papers for Board's notification. The Board is satisfied with the overall performance of the individual Directors, Board and Board Committees for the financial year under review.

All the Independent Directors provided the NRC with written confirmation on their independence during the annual assessment exercise conducted for the financial year ended 30 June 2020.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

14. Annual assessment of the Directors, Board as a whole and Board Committees (continued)

A Director who has no relationship with the Company, its related corporation, its major shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement, is considered to be independent.

During the financial year, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The independence assessment undertaken for the financial year has shown that all the Independent Directors have demonstrated their ability to act independently. The Board was satisfied with the level of independence of all the Independent Directors.

15. Summary of Activities Undertaken by the NRC in respect of Financial Year 2020

The NRC had discussed, inter-alia, the following matters in respect of financial year 2020:

(a) Assessed and evaluated the independence of Tan Sri Datuk Seri Razman Md Hashim, who would be attaining a tenure of nine (9) years by 30 September 2021.

(b) The NRC 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 2020 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 17th Annual General Meeting ("AGM"). The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are En Roshan Mahendran bin Abdullah and Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah.

(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.

16. Time Commitment of the Directors

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 foster the Directors' time planning and 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

16. Time Commitment of the Directors (continued)

The Board met five (5) times during the financial year ended 30 June 2020. The attendance of each Director at the Board Meetings held during the financial year ended 30 June 2020 was as follows:

Executive Directors	**No. of Attendance**	**%**
1. Tunku Dato' Yaacob Khyra (Chairman)	5/5	100
2. Roshan Mahendran bin Abdullah	5/5	100
Non-Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah (Vacated office on 29 May 2020)	2/5	40
2. 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	4/5	80
2. Shazal Yusuf bin Mohamed Zain	5/5	100
3. Tan Sri Datuk Seri Razman Md Hashim	5/5	100
4. Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
5. Kwo Shih Kang (Appointed on 23 August 2019)	5/5	100

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. 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 except for Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah who had been indisposed due to ill health and as such had been unable to attend the Board meetings. He had subsequently vacated his office as director of the Company with effect from 29 May 2020.

17. Continuing Education and Training of Directors

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

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

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.

During the financial year ended 30 June 2020, 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	• Corporate Liability Section 17A of the MACC Act 2009. • Sustainability.
Roshan Mahendran bin Abdullah	• ICLIF - Raising Defences: Section 17A, MACC Act. • Sustainability.
Azlan bin Abdullah	• MICG - Members' Breakfast Talk on Whistleblowing. • Sustainability.
Tan Sri Datuk Seri Razman Md Hashim	• 2019 International Humanitarian Conference. • Sunway Leadership Conference held at Sunway Pyramid Convention Centre.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

17. Continuing Education and Training of Directors (continued)

Members of the Board	List of Training Programmes/Seminars/Conferences Attended
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	• Sime Darby Property Bridging Session - Shaping the Future through Integrated Policy Formulation. • Board Retreat Speakers' Series organised by Sime Darby Property: (i) An in-depth Industry Analysis and Outlook moving forward for South East Asia. (ii) The future of Investment into Asia Pacific's Industrial and Logistics Markets. (iii) The Catalyst for Development; Government's immediate Priorities and Growth Areas. • PNB Corporate Summit 2019. • Training for Directors organised by Sime Darby Property Berhad: (i) Malaysian Anti-Corruption Commission Act. (ii) Update on Accounting Standards. (iii) Reputation Resilience & Crisis Management – How to manage the New Realities of Business.
Shazal Yusuf bin Mohamed Zain	• IERP – Director's Networking Session (DING) – Corporate Liability, is your Company prepared? • ICLIF - Raising Defences: Section 17A, MACC Act. • Sustainability.
Datin Seri Raihanah Begum binti Abdul Rahman	• MICG - Members' Breakfast Talk on Whistleblowing. • Sustainability.
Kwo Shih Kang	• ICLIF - Raising Defences: Section 17A, MACC Act. • Sustainability.
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	• IERP-Enterprise Risk Management: Dealing with the New Wave. • Sustainability.

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.

In addition, the Directors were briefed by the Senior Management, Company Secretary, External Auditors, and Internal Audit Consultants on any updates or changes to the relevant guidelines on the regulatory and statutory requirements at Board Meetings and AGC Meetings.

18. Remuneration Policies and Remuneration of Directors and Senior Management

The Board recognises that the level and composition of remuneration of Directors and Senior Management should take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

The Board has in place procedure for determining the remuneration of the Directors, Group Chief Executive Officer and Key Senior Officers and believes that the levels of remuneration offered by the Group are sufficient to attract directors of calibre with sufficient experience and talent to contribute to the performance of the Group.

The determination of remuneration packages of Executive Directors and Non–Executive Directors including 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.

As such, the Procedures for determining the remuneration of Non-Executive and Executive Directors as well as Senior Management were endorsed and approved by the Board on 28 May 2018 in line with the MMLR of Bursa Securities and MCCG 2017.

In compliance with the provisions of the Companies Act 2016, 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

18. Remuneration Policies and Remuneration of Directors and Senior Management (continued)

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 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 FY2020, 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 2021 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 2021, 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 17th 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 17th 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 Companies Act 2016. As such, the Company will not be tabling any resolution on payment to Executive Directors at the Annual General Meeting of the Company.

The detailed remuneration of the Directors for the financial year ended 30 June 2020 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	300	25	48.5	-	-	48.8
Roshan Mahendran bin Abdullah	-	-	-	-	-	-
Non-Independent Non-Executive Directors						
Azlan bin Abdullah	-	-	-	48	3	-
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah (Vacated office on 29 May 2020)	-	-	2.6	49	1.5	-
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	2.6	48	4	-
Shazal Yusuf bin Mohamed Zain	-	-	-	60	7.5	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	0.3	54	7	-
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	60	8.5	-
Kwo Shih Kang (Appointed on 23 August 2019)	-	-	-	51.3	7	-

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

18. Remuneration Policies and Remuneration of Directors and Senior Management (continued)

Received from Group

Name	Salary (RM'000)	Bonus (RM'000)	Benefits-in-Kind* (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Directors						
Tunku Dato' Yaacob Khyra	1,080	90	28.7	-	-	175.5
Roshan Mahendran bin Abdullah	1,503	420	41	-	-	294
Non-Independent Non-Executive Directors						
Azlan bin Abdullah	-	-	2.6	37.2	3	-
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah (Vacated office on 29 May 2020)	-	-	-	-	-	-
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	-	-	-	-
Shazal Yusuf bin Mohamed Zain	-	-	2.6	49.2	9	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	-	-	-	-
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	2.6	49.2	8.5	-
Kwo Shih Kang (Appointed on 23 August 2019)	-	-	2.2	42	6.5	-

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

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
RM350,001 to RM400,000	2
RM550,001 to RM600,000	1
RM700,001 to RM750,000	2

In determining the remuneration packages of the Senior Management, factors that were taken in consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

The remuneration of the Senior Management which is a combination of annual salary, bonus and benefits-in-kind are determined in a similar manner as other employees of the Company. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.

The Board believes it may not be in its best interest to disclose the information on the remuneration on named basis of each member of the Senior Management, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

Thus, the Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of Senior Management in bands of RM50,000 on a named basis.

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

1. AGC

The Board established the Audit and Governance Committee ("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.

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 8.1 of the Code which stipulates that the Chairman of the AGC is not the Chairman of the Board.

All AGC members are financially literate and the composition and their performance are reviewed by the Nomination and Remuneration Committee annually and recommended to the Board for approval.

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 page 71 to 76 of this Annual Report.

2. Oversight of External Auditors by the AGC

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 had carried out the assessment on the level of service provided by the External Auditors against a set of assessment criteria that has been approved by the Board. The scope of assessment which is described in the Audit and Governance Committee Report in this Annual Report includes, amongst others, an assessment on the suitability, objectivity and independence of the External Auditors. All findings from the AGC are then reported to the Board for further action, if any.

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 17th AGM.

3. Qualification of the AGC

Collectively, the members of the AGC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the AGC. The qualification and experience of the individual AGC members are disclosed in the Directors' Profiles on pages 34 to 38 of this Annual Report.

Directors including the AGC members continue to undergo training periodically during the financial year, based on individual learning requirements as well as financial and corporate developments.

4. Establishment of Risk Management and Internal Control Framework

The Board undertakes overall responsibility for risk oversight and risk management. 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.

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 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.

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 Audit and Governance Committee Report contained in this Annual Report respectively.

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

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

The internal audit function is guided by Internal Audit Charter which was approved by the AGC and Board of Directors on 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.

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

1. Communication with 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 Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders and investors are kept abreast of results and other material information concerning the Group through regular and timely dissemination of information which is made available at the Company's website at www.mycronsteel.com as well as Bursa Malaysia Securities Berhad's corporate website at www.bursamalaysia.com.

The Board has identified En Shazal Yusuf bin Mohamed Zain as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed.

(i) En Shazal Yusuf bin Mohamed Zain can be contacted as follows:
Telephone number: +603–5510 6608 Facsimile number: +603–5510 3720
Email address: shazal@mycronsteel.com

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

(ii) Mr Choo Kah Yean (Chief Financial Officer, for financial related matters)
Telephone number: +603–5519 2455 Facsimile number: +603–5510 8618

(iii) En Roshan Mahendran bin Abdullah (Group Chief Executive Officer)
Telephone number: +603–5510 6608 Facsimile number: +603–5510 3720
Email address: roshan@mycronsteel.com

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

2. Conduct of 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 2020 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.

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

3. Encourage Poll Voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, 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, must be voted by poll. At least one (1) independent scrutineer must be appointed to validate the votes cast at the general meeting.

The Company's General Meeting is not held in a remote location. At the previous AGM of the Company held on 29 November 2019, a poll voting was conducted on all resolutions as set out in the Notice of the 16th AGM and for the interest of all shareholders a summary of key matters discussed at the AGM was posted on the Company's website.

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 2017, the MMLR of Bursa Securities and all applicable laws and regulations throughout the financial year ended 30 June 2020.

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 2020 amounted to RM356,300 and RM130,580 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 2020 amounted to RM13,360 and RM13,360 respectively.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020

On 29 November 2019, the Company sought approval for a shareholders' mandate for Mycron Group to enter into RRPTS (as defined in the Circular to Shareholders dated 31 October 2019) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the MMLR.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (continued)

The aggregate value of transactions conducted during the financial year ended 30 June 2020 in accordance with the Shareholders' Mandate obtained at the last AGM were as follows:

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2019 – 30/06/2020) (RM)
				Director	Major Shareholder	
1.	Trace	Provision of corporate secretarial services by the Related Party to Mycron Steel Berhad ("MSB") and its subsidiaries ("Mycron Group")	Interested Directors Tunku Dato' Yaacob Khyra ("TY") and Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah ("TK")	TY and TK are deemed interested in Trace by virtue of their major interests in The Melewar Corporation Berhad *("TMC"), who in turn is the holding company of Trace; TMC is the family owned investment holding company.	Nil	246,248

B. RRPTs with MAA Group Berhad ("MAAG")

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2019 – 30/06/2020) (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

Note:

* TMC had transferred its equity in Trace to Melewar Group Berhad, which is also a family owned investment holding company w.e.f. 30 September 2020

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (continued)

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 (01/07/2019 – 30/06/2020) (RM)
				Director	Major Shareholder	
1.	MIG	Provision of treasury services by the Related Party to Mycron Steel CRC Sdn Bhd ("MCRC")	**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
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.	Melewar Integrated Engineering Sdn Bhd ("MIE")	Provision of technical and consultancy services by the Related Party to MCRC for expansion projects in cold roll mill	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE 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.	MIE 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

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (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 (01/07/2019 – 30/06/2020) (RM)
				Director	Major Shareholder	
5.	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	1,620,000
6.	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
7.	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
8.	MIE	Technical Advisory fees charged by the Related Party to MST	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE 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. MIE is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13 % shareholding in Mycron.	Nil

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (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 (01/07/2019 – 30/06/2020) (RM)
				Director	Major Shareholder	
9.	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
10.	MIE	Technical advisory fees charged by the Related Party to MCRC	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE 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. MIE is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13 % shareholding in Mycron.	Nil
11.	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.	1,620,000

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (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 (01/07/2019 – 30/06/2020) (RM)
				Director	Major Shareholder	
12.	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
13.	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.	933,425
14.	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.	155,825

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (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 (01/07/2019 – 30/06/2020) (RM)
				Director	Major Shareholder	
15.	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
16.	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	34,139

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (continued)

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

Type of Financial Assistance	Related Party	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2019 – 30/06/2020) (RM)
			Director	Major Shareholder	
Provision of guarantees, indemnity or such other collateral to or in favour of another person which is necessary in order for MIE to procure a contract or secure work from the other person or to enable the other person to commence and/or complete a contract or work for Mycron Group.	MIE	**Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE 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.	MIE is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 74.13 % shareholding in Mycron.	Nil
Provision of financial assistance to MIG Group by the pooling of funds via a centralized 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
Provision of corporate guarantee to financial institutions, as and when required, to secure the continuing trade facilities extended to direct and indirect subsidiaries.	MIG Group	**Interested Director** TY **Interested Major Shareholders** 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

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Companies Act 2016 ("the Act") requires the Directors to cause the preparation of the financial statements for each financial year in accordance with the requirements of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the financial year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

The Board has received assurance from the Group Chief Executive Officer and the Chief Financial Officer that the financial records have been properly maintained and the financial statements for the financial year ended 30 June 2020 give a true and fair view of the Company's operations and finances; and of the effectiveness of the Company's risk management and internal control systems. In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies which were consistently applied;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- considered the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operations for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors have also taken such steps as are reasonably available to safeguard the assets of the Group, and to prevent fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Securities and Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control ("Statement") which outlines the governance policies, key elements, nature and scope of risk management and internal control of the Group during financial year ended 30 June 2020.

BOARD RESPONSIBILITY

The Board reaffirms its overall responsibility for the Group's system of internal controls, including an assurance of its adequacy, integrity, and its alignment with business objectives. The Board is also of the view that, the risk management framework and internal control system in place are designed and have the capacity to manage the Group's risks within the accepted risk appetite thresholds. The Board does not claim nor believe that the controls will totally eliminate the risks emanating from the exercise of poor judgment in decision making, human error, deliberate circumvention of control processes by employees, and unforeseeable circumstances. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

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") and Chief Operating Officer ("COO") on the efficacy of the risk management and internal control system and that it sufficiently safeguards the interests of the Group.

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 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.

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 : Shazal Yusuf bin Mohamed Zain
Members : Datin Seri Raihanah Begum binti Abdul Rahman
: Kwo Shih Kang

During the financial year ended 30 June 2020, four (4) RSC meetings were held. The details of attendance of each Committee member are as follows:

Name of Committee Members	Total Meetings attended
Shazal Yusuf bin Mohamed Zain (Chairman, Senior Independent Non-Executive Director)	4/4
Datin Seri Raihanah Begum binti Abdul Rahman (Independent Non-Executive Director)	4/4
Kwo Shih Kang (Independent Non-Executive Director) *(Appointed on 28 August 2019)*	3/3
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah (Non-Independent Non-Executive Director) *(Vacated the office as director with effect from 29 May 2020)*	1/4

RISK MANAGEMENT FRAMEWORK

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

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

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

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

The business interests are operated by the subsidiaries of the Group. Management of the day-to-day affairs of the Group's various subsidiaries are assigned to local management, comprising Chief Operating Officer of the main operating companies, who are accountable for the conduct and performance of their subsidiaries within agreed business strategies. Local management sits at various management and operations meetings, and review financial and operations reports, in order to monitor the performance and profitability of the business of their respective subsidiaries. Paramount to this process is the role played by the Group's Senior Management personnel who, by virtue of their presence on the Boards of 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 2020 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 28 May 2018.

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

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

2. Internal Control Procedures

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

- Internal Control Procedure
- Petty Cash Procedure
- Staff Transport Allowances
- Organisation's Motor Vehicles
- Outstation and Overseas Travel
- Staff Expense Reimbursement
- 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
- 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.

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.

4. Internal Audit Function

The internal audit function plays a role to provide some comfort to the Board on the adequacy and effectiveness of the risk management practices of the Group by adopting a risk-based approach and focusing on the key risks areas to determine the auditees and auditable areas.

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")

Apart from April 2020 due to the Movement Control Order, 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.

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.

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") and Chief Operating Officer ("COO") 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 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 2020 in the areas of corporate governance, internal controls and financial reporting.

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 2017 ("MCCG 2017"). 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 four (4) 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	Independent Non-Executive Director
Members	Tan Sri Datuk Seri Razman Md Hashim	Independent Non-Executive Director
	Shazal Yusuf bin Mohamed Zain	Senior Independent Non-Executive Director
	Datin Seri Raihanah Begum binti Abdul Rahman	Independent Non-Executive Director

The AGC Chairman, Mr Kwo Shih Kang, is a graduate from CASS Business School, London with a Master of Business Administration, majoring in Finance. He is also a Fellow of the Society of Actuaries, USA. Mr Kwo Shih Kang is also a Registered Financial Planner. Thus, the Company has complied with Paragraph 15.09(1)(c) of the MMLR of Bursa Securities. The Members' profiles are set out on pages 34 to 38 in the Annual Report.

The Chairman of the AGC is not the Chairman of the Board. This is in line with Practice 8.1 under the MCCG 2017.

All members of the AGC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AGC.

MEETINGS AND ATTENDANCE

The AGC shall meet at least four (4) times annually or more frequently as circumstances dictate. The Executive Director and the Group Chief Executive Officer ("GCEO") were 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 Internal Audit ("IA") function of the Group was outsourced to an independent external professional firm, Deloitte Risk Advisory Sdn Bhd ("Deloitte" or "Internal Audit Consultant"). Deloitte reports directly to the AGC and assists the Board in monitoring the risks and reviewing the internal controls system to ensure a sound internal control system is established and continue to function effectively and satisfactorily within the Group.

The Company Secretary shall be the secretary to the AGC. Minutes of each AGC meeting are recorded and tabled for confirmation and approval at the following 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 2020, there were five (5) AGC Meetings held and the number of meetings attended by each AGC member are as follows:

Members	No. of Meetings Attended	%
Kwo Shih Kang (Appointed on 28 August 2019)	4/4	100
Tan Sri Datuk Seri Razman Md Hashim	5/5	100
Shazal Yusuf bin Mohamed Zain	5/5	100
Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100

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

The External Auditors were also invited to present to the AGC the audit plan, the audit findings, the independent auditors' report as well as any other matters which they considered were important for the AGC's attention. During the financial year under review, the AGC had conducted 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 27 August 2020 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.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2020

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) 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. (c) 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. (d) 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. (e) The AGC discussed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements in particular with regards to MFRS 16 "Leases".
External Audit and Interim Review	(a) Discussed with the External Auditors on their annual audit plan, nature and scope of audit focus on key risk areas as well as audit procedures, prior to the commencement of audit. (b) Reviewed the External Auditors' annual audit report and accompanying reports to management, reports of their other examinations and management letters on internal control matters, including management's response and the level of co-operation given by employees to the External Auditors. (c) Evaluated the External Auditors' independence, objectivity and terms of engagement before recommending their re-appointment and remuneration. In ensuring independence, the AGC:- - took into consideration the criteria stipulated under Paragraph 15.21 of the MMLR when deciding on the External Auditors. - ensured audit partner responsible for external audit of MSB is subject to rotation at least 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) Reviewed with the External Auditors 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 prior to the Board's approval for inclusion in the Annual Report. (e) 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. (f) Conducted three (3) private sessions with the External Auditors, without the presence of Executive Directors and Management, to review the adequacy and effectiveness of the system of internal control and any other areas of concern arising from their interim and final audit. No major concerns were raised by the External Auditors.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2020 (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 External Auditors and discussions with the Management. (c) Reviewed the internal audit reports presented by the Internal Audit Consultants at each AGC meeting and their activities with respect to: • Status of audit activities as compared to the approved Annual Audit Plan; • Monitored the outcome of the audits, follow-up, investigation to ascertain all action plans were adequately implemented to address the key risks; • Adequacy of Management's responsiveness to the audit findings and recommendations; • Adequacy of audit resources of the Internal Audit Consultants; • 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; • Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function; and • Reviewed and recommended to the Board the re-appointment of the external service provider for internal audit services. (d) Reviewed and debated on the recommendations made by the Internal Audit Consultants on the areas where further improvements are required in respect of the abovementioned scopes covered with subsequent recommendation to the Board the steps to improve the system of internal control derived from the findings of the Internal Audit Consultants and External Auditors. (e) Undertook the performance appraisal of the Internal Audit Consultant.
Corporate Governance	(a) 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. (b) Reviewed the following draft Circular to Shareholders and recommended the same to the Board for approval: (i) Proposed renewal of shareholders' mandate and Proposed New Shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance; and (ii) Proposed amendments to the Constitution of the Company. (c) Reviewed the AGC Report, Corporate Governance Overview Statement, Corporate Governance Report, Board's responsibility on the annual audited financial statements and the state of internal control and other relevant documents for publication in the Company's Annual Report.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The internal audit function adopts a risk based audit methodology, which is aligned with the risks of the Group to ensure that the relevant control addressing those risks are reviewed on timely basis. As part of the audit work, the IA function would review the adequacy and effectiveness of the internal control system, compliance with rules, regulations, policies and procedures and also evaluates efficiency of key business processes.

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 2020, 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 2018/2020:

Companies	Key Areas	Activities
Mycron Steel Berhad ("MSB") Mycron Steel CRC Sdn Bhd ("MCRC") Melewar Steel Tube Sdn Bhd ("MST")	Human Resource Management (HR) and Management of Foreign Labour	Reviewed the process and controls pertaining to the following: • Compliance with established policies and procedures in relation to HR management; • Adequacy of internal control procedures and supporting documents for hiring and termination of personnel; • Reviewed the internal control procedures for the processing of payroll; • Reviewed the approval and disbursement of payroll, overtime and staff claim; • Reviewed the controls over maintenance of payroll master files; • Reviewed the adequacy and effectiveness of training and development established for the employees; • Reviewed the performance appraisal conducted for each employee; • Monitored the recording of staff leave applications; and • Reviewed the controls over foreign worker management, e.g. coordination of the foreign worker application and quota, compliance with the government rules and regulations.
MSB	Corporate Governance ("CG") Review	Reviewed the process and controls pertaining to the following: • CG structure and framework; • Monitoring and reporting mechanism; • Risk management; • Succession planning; and • Whistle-blowing.
MCRC MST MSB	(i) Inventory and Warehouse Management (ii) Production Operations and Occupational, Health, Safety, Security and Environment (iii) Information Technology Governance Review	Follow up Review
MCRC MST Silver Victory Sdn Bhd ("SVSB")	Revenue Recognition, Billing, Collection, Credit Control and Petty Cash Management	• Reviewed the billing and collection internal control procedure and identify areas of improvement where applicable; • Reviewed the compliance with debt collection internal control procedure; • Reviewed the accuracy and timeliness of revenue recognition; • Assessed the adequacy of revenue collection process and whether all collections have been received in a timely manner; • Reviewed the governance over any discount or rebates given to the customer; • Assessed the controls over revenue collection, closing process and recognition of revenue in the system; • Reviewed the monitoring process for debtors ageing and collection process; • Reviewed the controls and validity for any debtors' provision made; and • Reviewed the adequacy of tracking, segregation of duties, disbursement and monitoring of petty cash management.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONTINUED)

Companies	Key Areas	Activities
MCRC MST SVSB	Procurement to Payment Management	• Reviewed the existence and completeness of internal control procedure in relation to procurement activities and identify areas of improvement within the internal control procedure where applicable; • Ascertained the existence on the procurement limits of authority to govern the purchasing activities; • Ascertained all purchases and payments made are in accordance with the procurement limits of authority; • Reviewed the controls in place for any urgent purchase made (i.e. valid/ documented justification and approval); • Reviewed the controls in the appointment of vendors or sub-contractors process (i.e. quotations, review and approval process); • Reviewed if there are periodic reviews performed on the maintenance and update of the Vendor Master Listing; • Assessed the controls and governance in place for procurement activities performed (i.e. issuance of Purchase Requisition, Purchase Order/blanket Purchase Order, etc.); • Performed analysis of the turnaround time of procurement activities performed, circumvention of authority limits and rationalisation of authority limits; and • Reviewed the processing of payments to vendors (Accounts Payable).

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 RM78,200 for the financial year ended 30 June 2020.

TABLE OF CONTENTS

DIRECTORS' REPORT

For the Financial Year Ended 30 June 2020

The Directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2020.

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 (loss)/profit for the financial year	(10,561,593)	146,074

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 2020.

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 2020.

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:

Tunku Dato' Yaacob Khyra
Roshan Mahendran bin Abdullah
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah (vacated his office on 29 May 2020)
Azlan bin Abdullah
Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim
Shazal Yusuf bin Mohamed Zain
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, Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah and Roshan Mahendran bin Abdullah are to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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 in, 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 1.7.2019	**Acquired**	**Disposed**	**At 30.6.2020**
Melewar Industrial Group Berhad				
(Ultimate holding company)				
Tunku Dato' Yaacob Khyra				
- deemed indirect interest [(a)]	164,762,464	-	-	164,762,464
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 1.7.2019	**Acquired**	**Disposed**	**At 30.6.2020**
Mycron Steel Berhad				
(the Company)				
Tunku Dato' Yaacob Khyra				
- deemed indirect interest [(a)]	242,523,025	-	-	242,523,025
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah				
- deemed indirect interest [(b)]	62,760	-	-	62,760
Azlan bin Abdullah				
- direct interest	100,000	-	-	100,000

(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.

(b) Tunku Dato' Kamil Ikram is a director and a shareholder with 12.5% shareholdings in Melewar Group Berhad ("MGB") which is the family owned investment holding company. MGB holds 0.02% of the issued share capital of Mycron Steel Berhad.

By virtue of 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 corporations 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' 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 RM20,000. (2019: RM20,000)

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 proper 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:

    (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

    (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group 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.

OTHER STATUTORY INFORMATION (CONTINUED)

(f) In the opinion of the Directors:

(i) 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 as disclosed in Note 35 to the financial statements.

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 22 October 2020. Signed on behalf of the Board of Directors:

ROSHAN MAHENDRAN BIN ABDULLAH
EXECUTIVE DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER

TUNKU DATO' YAACOB KHYRA
EXECUTIVE CHAIRMAN

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **Roshan Mahendran bin Abdullah** and **Tunku Dato' Yaacob Khyra**, 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 87 to 161 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 2020 and the financial performance of the Group and of the Company for the financial year ended 30 June 2020 in accordance with the 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 22 October 2020.

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 87 to 161 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.

CHOO KAH YEAN
CHIEF FINANCIAL OFFICER
MIA Number: 24018

Subscribed and solemnly declared by the abovenamed, at Wilayah Persekutuan Kuala Lumpur on 22 October 2020, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To the Members of Mycron Steel Berhad

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 87 to 161.

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 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Group)	**How our audit addressed the key audit matters**
Valuation of land and buildings, plant, machinery and electrical installation Refer to Note 2(d) Property, plant and equipment - Summary of significant accounting policies, Note 2(e) Leases - Summary of significant accounting policies, Note 3 Critical accounting estimates and judgements, Note 12 Property, plant and equipment and Note 13 Leases to the financial statements. The Group carries its land and buildings, plant, machinery and electrical installation at their fair values. As at 30 June 2020, the carrying amount of the Group's land and buildings, plant, machinery and electrical installation classified under property, plant and equipment; and leasehold land under right-of-use assets are approximately RM293.7 million and RM21.5 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 condition of the individual assets at the point of valuation. Management has substantiated the carrying amount of the plant, machinery and electrical installation by performing an impairment assessment based on the VIU method which involved significant estimates of the future results of the business, in particular, the key assumptions on sales volume growth rates and discount rates used in the future cash flow forecasts. We focused on this area because there are significant judgements and estimates made in relation to the valuation of the Group's land and buildings, plant, machinery and electrical installation.	Evaluation of the valuers' objectivity and competency We checked the valuation reports for the land and buildings, plant, machinery and electrical installation and discussed the reports with each of the valuer. We found that the valuation approach for each category of asset was performed in accordance with MFRS 13 "Fair value measurement" in determining the fair values as at 30 June 2020. We evaluated the valuers' competence by checking the valuers' 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. Estimates on land and buildings For the land and buildings revalued during the financial year, the fair values were determined based on the Market approach which entails separate valuations of the land and buildings to arrive at the fair value. The fair values of the land and buildings were determined based on open market basis 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 valuers have considered the impact of COVID-19 when performing the valuation. The most significant input into this valuation approach is the selling price per square foot. We tested a sample of land and buildings by comparing the fair value per square foot with transacted values of similar land and buildings in and around the area. The values were obtained from independent online property portal website. Estimates on plant, machinery and electrical installation For plant, machinery and electrical installation, the fair values were determined based on 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). We obtained an understanding on the basis of valuation and checked the reasonableness of the basis of valuation through discussions with the valuer on the basis of their estimates and inspected minutes of meetings to corroborate the key judgement applied by management.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Group) (continued)	**How our audit addressed the key audit matters (continued)**
Valuation of land and buildings, plant, machinery and electrical installation (continued)	Estimates on plant, machinery and electrical installation (continued) With respect to the reliability of management's use of key assumptions in cash flow projections to determine the VIU calculations for the purpose of impairment assessments, we performed the following procedures: • Assessed the sales volume growth rates used by management by comparing to industry forecasts provided by reliable sources, which included the possible impact caused by the COVID-19 pandemic; • Checked the discount rate used by comparing the rate to independent computation by auditors' expert; and • Evaluated the sensitivity analysis performed by management on the sales volume growth rates to corroborate that any reasonable changes on these key assumptions would not give rise to an impairment. 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 2020 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 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
02954/03/2021 J
Chartered Accountant

Kuala Lumpur
22 October 2020

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue	6	596,101,390	694,483,673	3,274,810	2,326,355
Cost of sales		(566,194,220)	(666,509,884)	(2,182,310)	(1,845,962)
Gross profit		29,907,170	27,973,789	1,092,500	480,393
Other operating (expense)/income		(2,338,905)	1,721,559	9,600	-
Net foreign exchange loss	4(e)	(208,132)	(229,603)	-	-
Selling and distribution costs		(5,580,603)	(5,652,826)	-	-
Administrative expenses		(24,096,563)	(26,258,339)	(817,762)	(1,115,834)
Impairment on property, plant and equipment	12	(2,412,770)	(1,673,403)	-	-
Finance income	7	1,313,525	1,330,014	86,524	99,379
Finance costs	7	(7,129,857)	(6,903,850)	(22,659)	(18,939)
(Loss)/Profit before tax	8	(10,546,135)	(9,692,659)	348,203	(555,001)
Taxation	10	(15,458)	(2,292,839)	(202,129)	(30,957)
Net (loss)/profit for the financial year		(10,561,593)	(11,985,498)	146,074	(585,958)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
- Revaluation surplus on property, plant and equipment, net of tax	28	628,832	3,256,506	-	-
Total comprehensive (loss)/income for the financial year		(9,932,761)	(8,728,992)	146,074	(585,958)

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
For the Financial Year Ended 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Net (loss)/profit for the financial year attributable to owners of the Company		(10,561,593)	(11,985,498)	146,074	(585,958)
Total comprehensive (loss)/income for the financial year attributable to owners of the Company		(9,932,761)	(8,728,992)	146,074	(585,958)
Loss per share attributable to equity holders of the Company					
- basic and diluted (sen)	11	(3.23)	(3.92)		

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	311,211,607	317,815,066	772,410	877,749
Right-of-use assets	13	33,082,493	-	-	-
Subsidiaries	14	-	-	221,968,100	214,215,679
Intangible assets	15	20,000,000	20,000,000	-	-
		364,294,100	337,815,066	222,740,510	215,093,428
CURRENT ASSETS					
Inventories	16	157,128,697	187,491,036	-	-
Trade and other receivables	17	75,494,954	89,428,978	16,394	7,773
Amount owing by ultimate holding company	18	-	15,097	-	-
Amounts owing by subsidiaries	19	-	-	122,727	63,903
Amounts owing by related companies	20	44,896	745,994	-	-
Derivative financial assets	21	2,122,531	799,891	-	-
Cash and cash equivalents	22	34,554,880	50,177,502	549,706	8,215,361
Tax recoverable		374,019	424,214	-	206,313
		269,719,977	329,082,712	688,827	8,493,350
LESS: CURRENT LIABILITIES					
Trade and other payables	23	138,597,456	135,816,348	316,398	257,233
Amount owing to ultimate holding company	18	8,347	-	-	-
Amounts owing to subsidiaries	19	-	-	3,403,093	3,617,688
Amount owing to a related company	20	1,462,287	1,022,807	-	-
Derivative financial liabilities	21	8,301	230,009	-	-
Borrowings	25	45,458,087	88,463,881	170,877	170,877
Lease liabilities	13	2,856,678	-	-	-
Tax payable		22,791	28,692	22,791	-
		188,413,947	225,561,737	3,913,159	4,045,798
NET CURRENT ASSETS/(LIABILITIES)		81,306,030	103,520,975	(3,224,332)	4,447,552

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	24	22,630,166	23,764,165	11,700	11,700
Borrowings	25	28,517,681	21,675,126	363,917	534,793
Lease liabilities	13	8,597,254	-	-	-
		59,745,101	45,439,291	375,617	546,493
		385,855,029	395,896,750	219,140,561	218,994,487
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	26	217,676,829	217,676,829	217,676,829	217,676,829
Warrant reserves	27	1,740,486	1,740,486	1,740,486	1,740,486
Asset revaluation reserve	28	30,710,966	30,108,054	-	-
Retained earnings/(Accumulated losses)		135,726,748	146,371,381	(276,754)	(422,828)
TOTAL EQUITY		385,855,029	395,896,750	219,140,561	218,994,487

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020

	Note	Share capital RM	Warrant reserves RM	Asset revaluation reserves RM	Retained earnings RM	Total RM
		Attributable to owners of the Company				
At 1 July 2019 – as previously reported		217,676,829	1,740,486	30,108,054	146,371,381	395,896,750
Effect on adoption of MFRS 16		-	-	-	(108,960)	(108,960)
At 1 July 2019 – as restated		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, net of tax	28	-	-	628,832	-	628,832
- Realisation of asset revaluation on disposal of property, plant and equipment	28	-	-	(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

	Note	Share capital RM	Warrant reserves RM	Asset revaluation reserves RM	Retained earnings RM	Total RM
		Attributable to owners of the Company				
At 1 July 2018		206,363,671	-	26,851,548	158,356,879	391,572,098
Transaction with owners:						
- Rights issue with warrants	26 & 27	11,313,158	1,740,486	-	-	13,053,644
Net loss for the financial year		-	-	-	(11,985,498)	(11,985,498)
Other comprehensive income:						
- Revaluation surplus on property, plant and equipment, net of tax	28	-	-	3,256,506	-	3,256,506
Total comprehensive loss for the financial year		-	-	3,256,506	(11,985,498)	(8,728,992)
At 30 June 2019		217,676,829	1,740,486	30,108,054	146,371,381	395,896,750

COMPANY STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020

	Note	Share capital RM	Warrant reserves RM	Accumulated losses RM	Total RM
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
At 1 July 2018		206,363,671	-	163,130	206,526,801
Transactions with owners:					
- Rights issue with warrants	26 & 27	11,313,158	1,740,486	-	13,053,644
Total comprehensive loss for the financial year		-	-	(585,958)	(585,958)
At 30 June 2019		217,676,829	1,740,486	(422,828)	218,994,487

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(10,546,135)	(9,692,659)	348,203	(555,001)
Adjustments for:					
Property, plant and equipment:					
- depreciation	12	14,193,989	15,198,056	105,339	99,288
- net loss/(gain) on disposals	8	7,382	(1,387,971)	-	-
- impairment	12	2,412,770	1,673,403	-	-
Depreciation on ROU assets	13	3,388,518	-	-	-
Net unrealised gain on foreign exchange	8	(101,778)	(237,934)	-	-
Interest income	7	(1,313,525)	(1,330,014)	(86,524)	(99,379)
Interest expense:					
- borrowings	7	6,380,078	6,903,850	22,659	18,939
- lease liabilities	7	749,779	-	-	-
Impairment/(writeback of impairment) of receivables	4(c)	873,299	(283,381)	-	-
		16,044,377	10,843,350	389,677	(536,153)
Changes in working capital:					
- inventories		30,362,339	17,699,214	-	-
- trade and other receivables		11,854,130	33,525,045	(8,621)	9,795
- trade and other payables		1,169,725	(48,178,368)	59,165	(308,489)
- intercompany balances		1,164,022	2,798,337	(273,419)	192,352
Cash generated from/(used in) operations		60,594,593	16,687,578	166,802	(642,495)
Interest paid:					
- borrowings		(5,465,569)	(6,936,036)	(22,659)	(18,939)
- lease liabilities		(749,779)	-	-	-
Interest received		1,313,525	1,330,014	86,524	99,379
Tax paid		(2,142,895)	(3,422,933)	(238,248)	(334,549)
Tax refunded		740,964	23,155	265,223	-
Net cash generated from/(used in) operating activities		54,290,839	7,681,778	257,642	(896,604)

STATEMENTS OF CASH FLOWS (CONTINUED)
For the Financial Year Ended 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(31,166,640)	(13,270,659)	-	(76,155)
Proceeds from disposal of property, plant and equipment		105,600	1,591,823	-	-
Advances to a subsidiary		-	-	(7,752,421)	(2,425,000)
Net cash (used in)/generated from investing activities		(31,061,040)	(11,678,836)	(7,752,421)	(2,501,155)
CASH FLOWS FROM FINANCING ACTIVITIES					
Rights issue with warrants		-	13,053,644	-	13,053,644
Repayments of borrowings		(277,828,479)	(220,134,494)	(170,876)	(138,376)
Proceeds from borrowings		241,672,139	210,232,446	-	-
Lease payments		(2,696,081)	-	-	-
Repayment of advances to subsidiary		-	-	-	(2,244,929)
Advances received from subsidiary		-	-	-	362,617
Net cash generated from/(used in) financing activities		(38,852,421)	3,151,596	(170,876)	11,032,956
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(15,622,622)	(845,462)	(7,665,655)	7,635,197
CASH AND CASH EQUIVALENTS:					
- at beginning of the financial year		50,177,502	51,022,964	8,215,361	580,164
- at end of the financial year	22	34,554,880	50,177,502	549,706	8,215,361

During the previous financial year, the Group and the Company made non-cash purchases of property, plant and equipment amounting to RM27,701,826 and RM650,000 respectively via mortgage loan and hire-purchase arrangements (Note 12).

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 2019 – as previously reported	80,650,000	-	-	3,617,104	6,048,590	19,823,313	110,139,007
Upon adoption of MFRS 16	-	14,150,013	-	-	-	-	14,150,013
At 1 July 201 – as restated	80,650,000	14,150,013	-	3,617,104	6,048,590	19,823,313	124,289,020
Cash flows:							
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	(3,165,400)	(749,779)	(41,866)	(12,154)	(273,988)	(1,040,966)	(5,284,154)
Lease payments	-	(2,696,081)	-	-	-	-	(2,696,081)
Non-cash changes:							
Interest charged (net of interest capitalised)	3,165,400	749,779	41,866	4,274	273,988	1,041,947	5,277,255
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

	Bankers' acceptance RM	Term loan RM	Hire purchase RM	Mortgage loan RM	Total RM
Group					
At 1 July 2018	87,060,000	3,790,068	1,521,347	-	92,371,415
Cash flows:					
Proceeds from borrowings	206,401,000	3,831,446	-	-	210,232,446
Repayment of borrowings	(212,811,000)	(3,972,224)	(2,174,583)	(1,176,687)	(220,134,494)
Interest paid	(4,374,110)	(170,690)	(192,778)	(906,447)	(5,644,025)
Non-cash changes:					
Purchase of property, plant and equipment:					
- hire purchase arrangements	-	-	6,701,826	-	6,701,826
- mortgage loan	-	-	-	21,000,000	21,000,000
Interest charged	4,374,110	138,504	192,778	906,447	5,611,839
At 30 June 2019	80,650,000	3,617,104	6,048,590	19,823,313	110,139,007

STATEMENTS OF CASH FLOWS (CONTINUED)
For the Financial Year Ended 30 June 2020

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

	Hire purchase RM	Amounts owing to subsidiaries RM	Total RM
Company			
At 1 July 2019	705,670	3,617,688	4,323,358
Cash flows:			
Management fee received	-	2,663,775	2,663,775
Repayment of borrowings	(170,876)	-	(170,876)
Interest paid	(22,659)	-	(22,659)
Non-cash changes:			
Interest charged	22,659	-	22,659
Management fee charged	-	(2,878,370)	(2,878,370)
At 30 June 2020	534,794	3,403,093	3,937,887

	Hire purchase RM	Amounts owing to subsidiaries RM	Total RM
Company			
At 1 July 2018	194,046	5,500,000	5,694,046
Cash flows:			
Repayment of advances	-	(1,882,312)	(1,882,312)
Repayment of borrowings	(138,376)	-	(138,376)
Interest paid	(18,939)	-	(18,939)
Non-cash changes:			
Purchase of property, plant and equipment:			
- hire purchase arrangements	650,000	-	650,000
Interest charged	18,939	-	18,939
At 30 June 2019	705,670	3,617,688	4,323,358

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2020

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 2020, 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 22 October 2020.

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 such 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.

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

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 July 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

Other than the adoption of MFRS 16, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

Changes in accounting policies upon adoption of MFRS 16

The Group has adopted MFRS 16 for the first time in the 2020 financial statements with the date of initial application ("DIA") of 1 July 2019 by applying the simplified retrospective transition method. During the financial year, the Group changed its accounting policies on leases upon adoption of MFRS 16.

Under the simplified retrospective approach, the 2019 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group is a lessee was recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 'Leases' and IC Int. 4 'Determining whether an Arrangement Contains a Lease'.

As a lessor, the Group is not required to make any adjustment on transition.

As permitted by the exemption under the standard, the Group has not applied the principles of MFRS 16 to short term leases (leases with lease terms of 12 months or less from dates of commencement) and leases for which the underlying assets are of low value.

In addition, the Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying MFRS 117 and IC Interpretation 4.

The Group as a lessee

(i) Leases classified as operating leases under MFRS 117

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The associated right-of-use ("ROU") assets for property leases were measured on a retrospective basis as if the new requirements has always been applied. Other ROU assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019.

In applying MFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset at the DIA; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The detailed impact of change in accounting policies are set out in Note 2(e) to the financial statements.

(ii) Leases classified as finance leases under MFRS 117

The Group's leases classified as finance leases under MFRS 117 are mainly its leasehold land on-which its factories were built, and these were duly recognised under the Property, Plant & Equipment in the Statement of Financial Position prior to the adoption of MFRS 16. These lease assets were initially recognised at net investment cost, and subsequently measured at fair value. These lease assets are fully paid for on acquisition and do not entail any lease liability.

The 'fair value' of these leasehold land assets represents their 'right-of-use' value in retrospect, and are revalued as such for the current financial year ended.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

Changes in accounting policies upon adoption of MFRS 16 (continued)

The Group as a lessee (continued)

(ii) Leases classified as finance leases under MFRS 117 (continued)

As at 1 July 2019, the change in accounting policies upon the adoption of MFRS 16 has affected the opening figures of the following items, with a net impact decrease of RM108,960 on the opening 'retained earnings'.

	As at 30 June 2019 RM	Effects of adoption of MFRS 16 RM	As at 1 July 2019 RM
Non-current assets			
Property, plant and equipment	66,862,117	(21,500,000)	45,362,117
Right-of-use assets	-	36,104,013	36,104,013
Current assets			
Trade and other receivables	31,858,735	(454,000)	31,404,735
Non-current liabilities			
Lease liabilities	-	11,453,933	11,453,933
Deferred tax liabilities	8,223,740	108,960	8,332,700
Current liabilities			
Lease liabilities	-	2,696,080	2,696,080
Shareholders' equity			
Retained earnings	37,633,528	(108,960)	37,524,568

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 30 June 2019 to the lease liabilities recognised at 1 July 2019 for the Group is as follows:

	RM
Operating lease commitments disclosed as at 30 June 2019	6,317,410
Discounted using the lessee's incremental borrowing rate as at 1 July 2019	(337,965)
Add:	
Adjustment for extension options	8,170,568
Lease liabilities recognised as at 1 July 2019	14,150,013
Analysed as:	
Current lease liabilities	2,696,080
Non-current lease liabilities	11,453,933
Lease liabilities recognised as at 1 July 2019	14,150,013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

Changes in accounting policies upon adoption of MFRS 16 (continued)

The Group as a lessee (continued)

On date of initial application of 1 July 2019, the weighted average incremental borrowing rate applied to lease liabilities stood at 5.8%.

Other than that, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

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 2020. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- The Conceptual Framework for Financial Reporting (Revised 2018)

  Key changes to the framework are as follows:

  - Objective of general purpose financial reporting - clarification that the objective of financial reporting is to provide useful information to the users of financial statements for resource allocation decisions and assessment of management's stewardship.
  - Qualitative characteristics of useful financial information - reinstatement of the concepts of prudence when making judgement of uncertain conditions and "substance over form" concept to ensure faithful representation of economic phenomenon.
  - Clarification on reporting entity for financial reporting - introduction of new definition of a reporting entity, which might be a legal entity or a portion of a legal entity.
  - Elements of financial statements - the definitions of an asset and a liability have been refined. Guidance in determining unit of account for assets and liabilities have been added, by considering the nature of executory contracts and substance of contracts.
  - Recognition and derecognition - the probability threshold for asset or liability recognition has been removed. New guidance on derecognition of asset and liability have been added.
  - Measurement - explanation of factors to consider when selecting a measurement basis have been provided.
  - Presentation and disclosure - clarification that statement of profit or loss ('P&L') is the primary source of information about an entity's financial performance for a reporting period. In principle, recycling of income/ expense included in other comprehensive income to P&L is required if this results in more relevant information or a more faithful representation of P&L.

  Amendments to References to the Conceptual Framework in MFRS Standards

  The MASB also issued Amendments to References to the Conceptual Framework in MFRS Standards ('Amendments'), to update references and quotations to fourteen (14) Standards so as to clarify the version of Conceptual Framework these Standards refer to, for which the effective date above applies.

  The amendments should be applied retrospectively in accordance with MFRS 108 unless retrospective application would be impracticable or involve undue cost or effort.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

(i) A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2020. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below: (continued)

- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

  The definition of "material" has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments also:

  - clarify that an entity assesses materiality in the context of the financial statements as a whole.
  - explain the concept of obscuring information in the new definition. Information is obscured if it has the effect similar as omitting or misstating that information.
  - clarify the meaning of "primary users of general purpose financial statements" to whom those financial statements are directed, by defining them as "existing and potential investors, lenders and other creditors" who must rely on general purpose financial statements for much of the financial information they need.

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) 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 situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  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. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

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

- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 9 "Fees in the '10 per cent' test for Derecognition of Financial Liabilities"

(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"

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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.

(iv) Acquisitions

The Group applies the acquisition method to account for business combinations. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Measurement basis (continued)

The cost of an item of property, plant and equipment initially recognised includes its purchase price 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.

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.

<u>Accounting policy applied from 1 July 2019</u>

From 1 July 2019, leased assets (including leasehold land) are presented as a separate line item in the statements of financial position. See accounting policy Note 2(e) on right-of-use assets.

<u>Accounting policy applied until 30 June 2019</u>

Until 30 June 2019, leased assets (including leasehold land) under lease arrangements classified as finance lease (refer to accounting policy Note 2(e) on finance lease applied until 30 June 2019) were amortised in equal instalments over the period of the lease of 99 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases

Accounting by lessee

Accounting policies applied from 1 July 2019

From 1 July 2019 upon adoption of MFRS 16, 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Accounting by lessee (continued)

Accounting policies applied from 1 July 2019 (continued)

(iv) Reassessment of lease liabilities

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

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

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise 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.

Accounting policies applied until 30 June 2019

Accounting by lessee

(i) Finance leases

Until 30 June 2019, leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability. 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 property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Accounting policies applied until 30 June 2019 (continued)

Accounting by lessor (continued)

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. 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 shas the following types of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Inter-company 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.

(i) General 3-stage approach for other receivables, inter-company 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Subsequent measurement - Impairment for debt instruments (continued)

(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 unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

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'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

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

(ii) Individual assessment

Trade receivables which are in default or credit-impaired, other receivables, inter-company 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Derivative financial instruments and hedging activities (continued)

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.

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.

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 prepayment from customer (contract liability) within trade and other payables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

Revenue with contracts with customers (continued)

(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.

Revenue from other sources

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Current and deferred income tax (continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Financial guarantee contracts (continued)

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.

During the financial year, the Group had received government grants relating to costs from the wage subsidy programme introduced by the Malaysian Government due to the COVID-19 pandemic.

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

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 values approximating their fair values. On an annual basis, the Group appoints independent professional firms to determine the fair valuation of these property, plant and equipment 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.

(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 and other deductible temporary differences as disclosed in Note 24 to the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 RM488.8 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, other than as disclosed in Note 4(b) to the financial statements, and generally have been capital-sufficient in meeting peak business needs. Over the current reporting period, equity capital deployed in the Group, has decreased by around RM11.2 million (or down 3%) whilst interest-bearing debt capital, has decreased by around RM19.3 million (or down 16%). The Group's debt-equity ratio closed at 0.26 times for the current reporting period compared to 0.30 at the preceding period's close.

Overall, the Board is of the opinion that the Group's capital deployed and available for deployment is adequate for the business purposes intended.

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 as 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 as and when due, and 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 72.2% and 47.8% respectively. However, the said subsidiaries have adequate short-term assets to meet short-term liabilities as reflected in the Group's current ratio of 1.43 times at the close of the current reporting period (compared to 1.46 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 despite the losses recorded for the current period. 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 could not comply with the 'Debt Service Cover Ratio' due to its operating loss position largely attributed to the six weeks of nationwide mandatory COVID-19 shutdown. The Cold Rolled subsidiary has prior to the financial year end obtained a waiver indulgence on the said covenant ratio for the current financial year. The Steel Tube subsidiary managed to comply with the liquidity covenant imposed despite the COVID-19 shutdown.

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 USD38.5 million (RM164.8 million) and USD18.0 million (RM77.0 million) respectively from key suppliers.

Pursuant to the COVID-19 shutdown and ensuing Conditional Movement Control Order over current financial year which had severely disrupted cash-flows, the Cold Rolled subsidiary had rescheduled with lenders on near-term trade repayment obligations amounting to RM 22.6 million by deferments up to 60 days. As at the reporting date, such deferments have been fully redeemed and its cash flows normalised.

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 RM35.0 million (2019: RM53.7 million), and on the Steel Tube subsidiary's outstanding bank debts of RM31.0 million (2019: RM50.4 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 RM139.9 million (2019: RM106.9 million).

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 2020							
Non-derivative financial liabilities:							
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	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		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

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 2019							
Non-derivative financial liabilities:							
Bankers' acceptance	80,650,000	4.67 - 5.65	81,449,403	81,449,403	-	-	-
Term loan	3,617,104	5.54 - 6.50	3,667,690	3,667,690	-	-	-
Hire-purchase creditors	6,048,591	2.29 - 3.12	6,549,047	2,796,727	2,398,130	1,108,566	245,624
Mortgage loan	19,823,313	5.64 - 5.89	25,691,989	2,777,512	2,777,512	2,777,512	17,359,453
Trade payables	9,478,060	5.10	9,668,244	9,668,244	-	-	-
Trade and other payables	124,737,145		124,737,145	124,737,145	-	-	-
Amount owing to a related company	1,022,807		1,022,807	1,022,807	-	-	-
	245,377,020		252,786,325	226,119,528	5,175,642	3,886,078	17,605,077
Derivative financial liabilities	230,009		230,009	230,009	-	-	-
	245,607,029		253,016,334	226,349,537	5,175,642	3,886,078	17,605,077

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 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
At 30 June 2019						
Trade and other payables		257,233	257,233	257,233	-	-
Hire-purchase creditors	2.29 – 2.72	705,670	798,107	193,536	193,536	411,035
Amounts owing to subsidiaries		3,617,688	3,617,688	3,617,688	-	-
Financial guarantee contracts		-	210,940,000	210,940,000	-	-
		4,580,591	215,613,028	215,008,457	193,536	411,035

(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 86% (2019: 88%) and 59% (2019: 43%) of their respective trade receivables. The Company has no other significant concentration of credit risk except for amounts due from subsidiaries. At the reporting date, the Group has 2 (2019: 2) external customers that contributes to more than 10% of the Group's revenue. The revenue contributed by the said customers amounted to RM105.2 million (2019: RM164.0 million). Nevertheless, management obtains corporate guarantees and personal indemnities from trade debtors where possible in managing exposure to credit risk.

The Group's and the Company's major classes of financial assets are as disclosed in Note 34 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
- Inter-company balances
- Financial guarantee contracts

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

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.

(ii) Other receivables, inter-company 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.

For the Group and the Company's inter-company 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.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(ii) Other receivables, intercompany balances and financial guarantee contracts (continued)

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
2020			
Trade receivables	25,358,451	45,714,722	71,073,173
Other receivables and staff loans	991,021	-	991,021
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
	29,534,205	45,714,722	75,248,927
2019			
Trade receivables	28,817,062	55,967,503	84,784,565
Other receivables and staff loans	884,502	-	884,502
Deposit	627,173	-	627,173
Amount owing by ultimate holding company	15,097	-	15,097
Amounts owing by related companies	745,994	-	745,994
Derivative financial assets	799,891	-	799,891
	31,889,719	55,967,503	87,857,222

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 net 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.

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 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
1 July 2018	248,301	-	524,592	772,893
Allowance for/(write back of) impairment during the financial year	21,411	219,800	(524,592)	(283,381)
30 June 2019	269,712	219,800	-	489,512

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

For the financial year, a single trade debtor of the Steel Tube Subsidiary and a related party company were determined to be non-performing, in default and credit impaired. Accordingly, ECL (lifetime expected losses) of RM127,305 and RM745,994 respectively were recorded.

Despite the COVID-19 shutdown and the ensuing the Conditional Movement Control Order ("CMCO") imposed by the Malaysian Government, the Group's trade debtors have generally normalised payment within their respective approved credit period towards the close of the current financial year and crossing into the next. 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.

Over the current financial year, Bank Negara Malaysia has reduced the Overnight Policy Rate four times by a total of 125 basis points to a record low of 1.75% in response to the recessionary COVID-19 threat. Lenders followed through with rate-cuts, and the Group benefited from the lower borrowing costs on floating instruments and on rollover re-pricing of fixed rate instruments.

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.

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

	2020 RM	2019 RM
<u>Current</u>		
Fixed rate borrowings, denominated in RM	37,889,118	83,172,754
Floating rate borrowings, denominated in RM	7,568,969	5,291,127
Fixed rate credit from supplier, denominated in RM (Note 23)	26,362,804	9,478,060
<u>Non-current</u>		
Fixed rate borrowings, denominated in RM	1,279,766	3,525,836
Floating rate borrowings, denominated in RM	27,237,915	18,149,290
	100,338,572	119,617,067

The risk impact for the floating rate financial liability instruments had the overall interest rates being 1% higher, is that the Group's loss after tax for financial year 2020 would increase by RM264,532 (2019: loss after tax increase by RM178,147). A 1% lower interest rate would have the equal but opposite effect to the aforementioned amounts.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 10%) 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 during the 2nd half of the current financial year as the Ringgit weakened by more than 180 basis points against the USD with the onset-of the COVID-19 pandemic and the ensuing sharp economic contraction. The Group's FX risk management activities have significantly hedged against FX losses over the current financial year as shown in the table below. Further disclosures are made in Note 21 on derivatives.

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:

		2020			2019	
FX fair value	**Unrealised RM'000**	**Realised RM'000**	**Total RM'000**	**Unrealised RM'000**	**Realised RM'000**	**Total RM'000**
FX hedging instrument						
Not hedge accounted	(7)	15	8	(15)	245	230
Hedge accounted	2,122	916	3,038	585	1,736	2,321
	2,115	931	3,046	570	1,981	2,551
FX hedged items						
Not hedge accounted	109	(325)	(216)	253	(713)	(460)
Hedge accounted	(2,122)	(916)	(3,038)	(585)	(1,736)	(2,321)
	(2,013)	(1,241)	(3,254)	(332)	(2,449)	(2,781)
Net FX gain/(loss)	102	(310)	(208)	238	(468)	(230)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

	From USD	From SGD	Total
As at 30 June 2020			
Financial assets			
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
Less: Financial liabilities			
Trade and other payables	(100,317,441)	-	(100,317,441)
Net financial (liabilities)/assets	(100,181,953)	4,827,147	(95,354,806)
Off balance sheet			
Contracted commitments	(16,194,656)	-	(16,194,656)
Less: Forward foreign currency contracts at notional value at closing rate	102,539,555	(1,199,676)	101,339,879
Net currency exposure	(13,837,054)	3,627,471	(10,209,583)
As at 30 June 2019			
Financial assets			
Trade and other receivables	105,170	5,193,607	5,298,777
Cash and bank balances	83,637	388,897	472,534
	188,807	5,582,504	5,771,311
Less: Financial liabilities			
Trade and other payables	(114,101,170)	-	(114,101,170)
Net financial (liabilities)/assets	(113,912,363)	5,582,504	(108,329,859)
Off balance sheet			
Contracted commitments	(47,953,227)	-	(47,953,227)
Less: Forward foreign currency contracts at notional value at closing rate	145,278,995	(1,102,884)	144,176,111
Net currency exposure	(16,586,595)	4,479,620	(12,106,975)

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

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

The following table demonstrates the sensitivity of the Group's loss after tax (2019: 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)	
	2020 RM	**2019 RM**
Group		
RM appreciates against USD by 3%	(315,485)	(378,174)
RM appreciates against SGD by 3%	82,706	102,135

A 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.

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**
30 June 2020				
Financial asset				
Derivative financial assets	-	2,122,531	-	2,122,531
Financial liability				
Derivative financial liabilities	-	(8,301)	-	(8,301)
30 June 2019				
Financial asset				
Derivative financial assets	-	799,891	-	799,891
Financial liability				
Derivative financial liabilities	-	(230,009)	-	(230,009)

5 FAIR VALUE (CONTINUED)

Fair value estimation (continued)

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.

6 REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers:				
- Sale of goods	594,153,103	692,030,833	-	-
- Processing service income	1,948,287	2,452,840	-	-
- Management fees income	-	-	3,274,810	2,326,355
	596,101,390	694,483,673	3,274,810	2,326,355

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

	Group			
	At a point-in-time		Over time	
	Local RM	Abroad RM	Local RM	Total RM
2020				
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
2019				
Sale of steel products				
- Cold rolled coils	417,386,206	4,788,895	-	422,175,101
- Steel tube and pipes	238,492,347	18,782,090	-	257,274,437
- Scraps	12,581,295	-	-	12,581,295
Processing service income	-	-	2,452,840	2,452,840
	668,459,848	23,570,985	2,452,840	694,483,673

6 REVENUE (CONTINUED)

	Company	
	Over time RM	Total RM
2020		
Management fees income	3,274,810	3,274,810
2019		
Management fees income	2,326,355	2,326,355

There were no costs incurred to obtain contracts with customers.

7 FINANCE INCOME AND COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Finance income:				
Interest on deposits with financial institutions	1,313,525	1,330,014	86,524	99,379
Finance costs:				
Interest expenses on:				
- borrowings	5,418,047	5,419,061	-	-
- suppliers' credit	1,102,823	1,292,011	-	-
- hire-purchase	273,989	192,778	22,659	18,939
- lease liabilities *[(a)]	749,779	-	-	-
	7,544,638	6,903,850	22,659	18,939
Less: Interest expense capitalised in property, plant and equipment (Note 12)	(414,781)	-	-	-
Total finance costs	7,129,857	6,903,850	22,659	18,939

[(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.

8 (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax is arrived at after charging/ (crediting):				
Auditors' remuneration:				
- statutory audit	356,300	355,380	130,580	128,680
- non-audit services	13,360	13,160	13,360	13,160
Changes in inventories of finished goods and work in progress	(3,501,685)	11,707,488	-	-
Raw materials consumed	516,978,184	595,940,253	-	-
Consumables (inventories) consumed	13,889,110	13,252,189	-	-
Property, plant and equipment (Note 12):				
- depreciation	14,193,989	15,198,056	105,339	99,288
- (gain)/loss on disposals	7,382	(112,870)	-	-
- impairment	2,412,770	1,673,403	-	-
Compensation received for acquisition of land by government	(340,611)	(1,275,100)	-	-
Depreciation on right-of-use assets *[b]	3,388,518	-	-	-
Impairment/(write back) of impairment of receivables (Note 4(c))	873,299	(283,381)	-	-
Maintenance of plant and machinery	6,209,127	7,126,603	-	-
Shutdown overheads *[a]	3,634,276	-	-	-
Rental of land & buildings *[b]	-	3,711,346	-	-
Staff costs (excluding remuneration of Executive Directors):				
- salaries, bonuses and allowances	25,435,371	28,090,438	1,113,541	867,193
- defined contribution plan	3,440,788	3,825,160	172,831	121,144
- others	1,337,755	2,763,244	108,693	98,753
Wages subsidy	(578,800)	-	(9,600)	-
Net unrealised (gain)/loss on foreign exchange	(101,778)	(237,934)	-	-
Net realised loss/(gain) on foreign exchange	309,910	467,537	-	-

[a] During the financial year, the Group recorded RM3,634,276 being its factories' fixed overheads and direct labour costs incurred during the mandatory COVID-19 shutdown period where production capacity was totally incapacitated.

[b] On adoption of MFRS 16, the rental expense (on the rented land and buildings deemed as an operating lease) is now represented through the depreciation on the rights-of-use assets relating to the aforementioned lease and the implicit interest charge on the corresponding lease liabilities. (See Notes 7 & 13).

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-Executive Directors:				
- fees	370,355	318,543	370,355	318,543
- other emoluments	38,500	27,000	38,500	27,000
- estimated monetary value of benefits-in-kind	5,417	3,300	5,417	3,300
Executive Directors:				
- salaries, bonuses and other emoluments	2,254,020	2,220,270	325,000	350,000
- defined contribution plan	342,981	331,128	48,750	52,500
- estimated monetary value of benefits-in-kind	89,682	86,842	48,500	45,657
	3,100,955	2,987,083	836,522	797,000

The number of Directors whose total remuneration fall within the following bands are as follows:

	Number of Directors			
	Executive		Non-Executive	
	2020	2019	2020	2019
Range of remuneration				
Nil	-	-	-	-
RM1 to RM50,000	-	-	-	2
RM50,001 to RM100,000	-	-	7	5
RM400,001 to RM450,000	1	1	-	-
RM2,250,001 to RM2,300,000	1	1	-	-
	2	2	7	7

10 TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current Malaysian tax:				
- current tax expense	1,619,594	2,526,672	202,129	32,561
- over provision in prior financial year	(173,369)	(107,254)	-	-
	1,446,225	2,419,418	202,129	32,561
Deferred tax: (Note 24)				
- origination and reversal of temporary differences	(1,430,767)	(126,579)	-	(1,604)
Tax expense	15,458	2,292,839	202,129	30,957

10 TAXATION (CONTINUED)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(10,546,135)	(9,692,659)	348,203	(555,001)
Tax calculated at the Malaysian tax rate of 24% (2019: 24%)	(2,531,072)	(2,326,238)	83,569	(133,200)
Tax effects of:				
- expenses not deductible for tax purposes	2,195,021	1,494,692	139,326	188,008
- income not subject to tax	(469,296)	(1,191,331)	(20,766)	(23,851)
- over provision in prior financial year	(173,369)	(107,254)	-	-
- change in tax rate	-	984,487	-	-
- tax losses and reinvestment allowance not recognised as deferred tax (Note 24)	994,174	3,438,483	-	-
Tax expense	15,458	2,292,839	202,129	30,957

11 LOSS PER SHARE

(a) Basic loss per share

	Group	
	2020	2019
Net loss attributable to equity holders of the Company (RM)	(10,561,593)	(11,985,498)
Weighted average number of ordinary shares	327,057,599	305,745,602
Basic loss per share (sen)	(3.23)	(3.92)

(b) Diluted loss per share

Diluted LPS is calculated to be equal to basic 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 financial year.

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								
Cost/Valuation								
At 1 July 2019								
- cost	-	-	-	3,468,610	5,441,914	6,422,909	642,521	15,975,954
- valuation	81,500,000	57,500,000	188,529,816	-	-	-	-	327,529,816
- Reclassification to ROU assets upon adoption of MFRS 16	(21,500,000)	-	-	-	-	-	-	(21,500,000)
	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
Less: Accumulated depreciation								
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
Less: Accumulated impairment losses								
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% (2019: Nil) for the financial year ended 30 June 2020.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold/ leasehold 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								
Cost/Valuationn								
At 1 July 2018								
- cost	-	-	-	3,309,642	4,257,801	3,421,739	637,810	11,626,992
- valuation	57,100,000	52,000,000	193,309,342	-	-	-	-	302,409,342
	57,100,000	52,000,000	193,309,342	3,309,642	4,257,801	3,421,739	637,810	314,036,334
Additions	19,374,000	8,023,776	4,937,962	731,375	1,268,119	6,376,461	260,792	40,972,485
Disposals	-	-	(986,836)	(572,407)	(84,399)	-	-	(1,643,642)
Write offs	-	-	(2,054,634)	-	-	-	-	(2,054,634)
Reclassification	-	-	3,630,979	-	393	(3,375,291)	(256,081)	-
Revaluation during the financial year	5,339,885	(365,671)	473,820	-	-	-	-	5,448,034
Effects of elimination of accumulated depreciation on revaluation	(313,885)	(2,158,105)	(10,780,817)	-	-	-	-	(13,252,807)
At 30 June 2019	81,500,000	57,500,000	188,529,816	3,468,610	5,441,914	6,422,909	642,521	343,505,770
Less: Accumulated depreciation								
At 1 July 2018	-	-	-	810,886	1,993,288	-	-	2,804,174
Charge for the financial year	313,885	2,158,105	11,906,375	383,171	436,520	-	-	15,198,056
Disposals	-	-	(960,978)	(431,031)	(57,782)	-	-	(1,449,791)
Write offs	-	-	(164,580)	-	-	-	-	(164,580)
Effects of elimination of accumulated depreciation on revaluation	(313,885)	(2,158,105)	(10,780,817)	-	-	-	-	(13,252,807)
At 30 June 2019	-	-	-	763,026	2,372,026	-	-	3,135,052
Less: Accumulated impairment losses								
At 1 July 2018	-	-	22,762,302	-	-	-	-	22,762,302
Charge for the financial year	-	-	1,673,403	-	-	-	-	1,673,403
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	(1,880,053)	-	-	-	-	(1,880,053)
At 30 June 2019	-	-	22,555,652	-	-	-	-	22,555,652
Net book value	81,500,000	57,500,000	165,974,164	2,705,584	3,069,888	6,422,909	642,521	317,815,066
Representing:								
- cost	-	-	-	2,705,584	3,069,888	6,422,909	642,521	12,840,902
- valuation	81,500,000	57,500,000	165,974,164	-	-	-	-	304,974,164
	81,500,000	57,500,000	165,974,164	2,705,584	3,069,888	6,422,909	642,521	317,815,066

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
Company			
At 30 June 2020			
Cost			
At 1 July 2019/30 June 2020	1,053,393	180,512	1,233,905
Less: Accumulated depreciation			
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
Net book value			
At 30 June 2020	772,410	-	772,410
At 30 June 2019			
Cost			
At 1 July 2018	327,238	180,512	507,750
Additions	726,155	-	726,155
At 30 June 2019	1,053,393	180,512	1,233,905
Less: Accumulated depreciation			
At 1 July 2018	76,356	180,512	256,868
Charge for the financial year	99,288	-	99,288
At 30 June 2019	175,644	180,512	356,156
Net book value			
At 30 June 2019	877,749	-	877,749

At the start of the current financial year, leasehold land has been reclassified out from PPE to 'Rights of Use' (ROU) asset on initial adoption of MFRS 16 as disclosed in Note 13 on Leases.

Freehold land, buildings, plant, machinery and electrical installation of the Group were revalued in the financial year ended 30 June 2020 by an independent firm of professional valuers, PA International Property Consultants (KL) Sdn Bhd based on open market value and depreciated replacement costs method respectively in ascertaining their fair values. The leasehold-land reclassified to 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 (excluding the reclassified leasehold land asset) amounting to RM449,642 (2019: RM5,448,034) and revaluation gain on ROU asset amounting to RM366,998 were recognised during the financial year, with a corresponding revaluation reserve, adjusted for deferred tax, amounting to RM628,832 (2019: RM3,256,506) 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 RM2,412,770 (2019: RM1,381,201) on the statement of comprehensive income.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At the start of the financial year, the Group has a carrying impairment provision of around RM5 million for potential value displacement arising from the planned upgrading of the 'Continuous Pickling Line' (CPL) under 'Plant, machinery & electrical installation'. At the close of the current financial year, the CPL upgrading work is physically completed pending final technical certification, and the capitalised cost amounting to RM23.0 million has been reclassified from 'Construction in Progress' to 'Plant, Machinery & Electrical Installation'. Movement in the 'impairment account' arising from disposal and write-off on the displaced CPL parts are as follows:

	All in RM'000		
	Opening carrying provision	**Disposal/ Write-off**	**Closing provision**
CPL Upgrade Project	4,941	(4,327)	614

Progress of the Acid Regeneration Plant (ARP) has been significantly delayed over the 2nd half of the current financial year due to the COVID-19 lockdown and ensuing border closure.

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

	CPL RM	**ARP RM**	**Others RM**	**Total RM**
2020				
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%		
2019				
As at 1 July 2018	-	-	3,421,739	3,421,739
Additions during the year	3,612,113	2,314,063	450,285	6,376,461
Reclassification	-	-	(3,375,291)	(3,375,291)
As at 30 June 2019	3,612,113	2,314,063	496,733	6,422,909
Budgeted cost to completion	16%	12%		

Property, plant and equipment amounting to RM293,673,632 (2019: RM283,474,164) 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 RM38,400,000 (2019: RM40,867,000).

The net book values of the revalued property, plant and equipment excluding leasehold land (which was reclassified to ROU asset in the current financial year) that would have been included in the financial statements had these assets been carried at deemed costs less accumulated depreciation are as follows:

	Group	
	2020 RM	**2019 RM**
Land	31,300,000	50,375,521
Buildings	52,571,360	54,271,267
Plant, machinery and electrical installation	163,450,263	174,769,485
	247,321,623	279,416,273

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Valuation of certain property, plant and equipment and an ROU asset

The fair value of certain property, plant and equipment and an ROU asset is 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 Directors relied upon the valuations obtained during the financial year based on the following methodologies:

(i) Land and buildings - open market basis by reference to observable prices per square foot in an active market or recent market transactions on arm's length terms adjusted for differences in key attributes such as properties' size. (Level 3)

(ii) 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

In the previous financial year, additions to property, plant and equipment of the Group and of the Company during the financial year includes those acquired by means of hire-purchase arrangements totalling RM6,701,826 and RM650,000 respectively for the acquisition of certain plant and machineries. There were no additional assets acquired by means of hire-purchase during the current financial year.

As at 30 June 2020, the net book value of the property, plant and equipment under hire-purchase arrangements in the Group and Company is RM7,278,841 (2019: RM8,233,795) and RM 586,975 (2019: RM659,590) respectively.

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

	2020 RM	2019 RM
Plant, machinery and electrical installation		
Opening balance	165,974,164	170,547,040
Additions	2,058,148	4,937,962
Disposals	(44,000)	(25,858)
Write-offs	-	(10,001)
Revaluation during the financial year	469,541	473,820
Impairment charge for the financial year	(2,412,770)	(1,673,403)
Depreciation charged during the year	(11,099,381)	(11,906,375)
Transfer from construction-in-progress	23,427,660	3,630,979
Closing balance	178,373,362	165,974,164

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 2020 RM	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	178,373,362	Depreciated replacement cost method	Useful life	1 year – 40 years (21)	The longer the useful life, the higher the fair value

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 2020, 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 RM11.1 million (2019: RM11.9 million) respectively.

	2020 RM	2019 RM
Land and building		
Opening balance	139,000,000	109,100,000
Reclassification of leasehold land upon adoption of MFRS 16 (Note 13)	(21,500,000)	-
Additions	-	27,397,776
Revaluation during the financial year	(19,899)	4,974,214
Depreciation charged during the year	(2,194,057)	(2,471,990)
Transfer from construction-in-progress	13,956	-
Closing balance	115,300,000	139,000,000

The unobservable inputs used to determine the fair value of land and building, which includes leasehold land classified as ROU asset, is the adjusted price per square foot ("psf") (ranging between RM126 psf and RM149 psf) which is adjusted by key attributes such as property size and location. The higher the price per square foot, the higher the fair value.

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	**2020 rates**	
	MCRC	**MST**
Projection period	25 years	18 years
Discount rate	9.50%	9.50%
Sales volume growth rate	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.

13 LEASES

With the adoption of MFRS 16, all qualifying leases previously classified as operating leases under MFRS 117 are now taken up in the accounts together with finance leases as 'Right-of-Use" assets and its corresponding 'Lease Liabilities'. The changes in the Group's accounting policies with regard to the aforementioned are detailed in Note 2 (a).

13 LEASES (CONTINUED)

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

Financial year ended	Note	Right-of-use ('ROU') assets 2020 RM	Right-of-use ('ROU') assets 2019 RM	Lease liabilities 2020 RM	Lease liabilities 2019 RM
Opening carrying value:					
Effects on adoption of MFRS 16:					
Leasehold land (reclassified from property, plant and equipment)	(a)	21,500,000	-	-	-
Rented properties	(b)	14,604,013	-	14,150,013	-
Total		36,104,013	-	14,150,013	-
Changes to ROU					
Revaluation of leasehold land	(c)	366,998	-	-	-
Depreciation (Note 8)					
- Leasehold land	(d)	(366,998)	-	-	-
- Rented properties	(d)	(3,021,520)	-	-	-
		(3,388,518)	-	-	-
Total		(3,021,520)	-	-	-
Changes to lease liabilities					
Interest expense (Note 7)	(e)	-	-	749,779	-
Interest payments	(f)	-	-	(749,779)	-
Lease payments	(f)	-	-	(2,696,081)	-
Total		-	-	(2,696,081)	-
Closing carrying value					
Leasehold land		21,500,000	-	-	-
Rented properties		11,582,493	-	11,453,932	-
Total	(g)	33,082,493	-	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. This 'finance lease' has been reclassified from Property, Plant and Equipment to ROU on 1 July 2019. The property lessor is the Selangor State Government and has a remaining leasehold period of 58 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 RM18,749,908.

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:

	Description	Monthly Fixed Rent RM	Deposits paid RM	Next Expiry Date	Next Renewal Option Period
i)	HSD 168510, Town of Shah Alam	189,750	189,750	30-Apr-2021	3 years
ii)	Lot No.95 Sec 15, Town of Shah Alam	97,405	97,405	30-Apr-2021	3 years

The lease liabilities is 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 5.8% p.a. The ROU comprised of the lease liability sum adjusted for any pre-payments and restoration cost where contractually applicable. This lease liabilities or ROU for rental properties in isolation is excluded from any financial covenant ratios computation unless the netting effect from both is included.

(c) This amount represents the revaluation gain on the leasehold 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.

(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.

	2020 RM	2019 RM
Current	2,856,678	-
Non-current	8,597,254	-
	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. There is no revision in lease terms during the year.

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	
	2020 RM	2019 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	24,952,209
	221,968,100	214,215,679

14 SUBSIDIARIES (CONTINUED)

The amount owing by MCRC was reclassified 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. During the current financial year, the amount owing by MCRC has been increased by RM7,752,421 due to advances from the Company's Rights Issue proceeds for its capital expenditure project. 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:

		Group's equity interest	
Name	**Principal activities**	**2020** %	**2019** %
Mycron Steel CRC Sdn. Bhd. ("MCRC")	Manufacturing and trading of steel cold rolled coil	100	100
Melewar Steel Tube Sdn. Bhd. ("MST")	Manufacturing and trading of steel tubes and pipes	100	100
Subsidiary of MCRC			
Silver Victory Sdn. Bhd.	Trading of steel related products	100	100

All subsidiaries are incorporated in Malaysia and are audited by PricewaterhouseCoopers PLT, Malaysia.

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:

	2020 rates	
Assumption	**MCRC**	**MST**
Terminal growth rate	3%	3%
Discount rate	13.99%	13.99%
Sales volume growth rate	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 2020	Rate 2019	Approach used to determining value
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
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.

16 INVENTORIES

	Group 2020 RM	Group 2019 RM
Raw materials	93,903,866	127,987,471
Consumables	2,521,216	2,301,635
Work-in-progress	7,645,120	6,776,655
Finished goods	53,058,495	50,425,275
	157,128,697	187,491,036

Inventories expensed to 'cost of sales' during the current financial year amounted to RM527,365,609 (2019: RM620,899,930).

17 TRADE AND OTHER RECEIVABLES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current				
Trade receivables	71,448,779	85,032,866	-	-
Less: Accumulated impairment	(375,606)	(248,301)	-	-
	71,073,173	84,784,565	-	-
Other receivables	1,197,135	1,080,465	9,121	500
Less: Accumulated impairment	(219,800)	(219,800)	-	-
	977,335	860,665	9,121	500
Staff loans	13,687	23,837	-	-
Deposits	1,017,306	627,173	4,500	4,500
Prepayments	467,034	1,186,272	-	-
GST recoverable	1,946,419	1,946,466	2,773	2,773
	3,444,446	3,783,748	7,273	7,273
Total trade and other receivables	75,494,954	89,428,978	16,394	7,773

Information about the impairment and exposure to credit risk is disclosed in Note 4(c) to the financial statements.

18 AMOUNT OWING BY ULTIMATE HOLDING COMPANY

Amount owing by ultimate holding company is mainly due to payments on behalf and is unsecured, interest free and repayable upon demand.

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 2020 RM	Group 2019 RM
Amounts owing by related companies	790,890	745,994
Less: Accumulated impairment	(745,994)	-
	44,896	745,994

20 AMOUNTS OWING BY RELATED COMPANIES/(TO) A RELATED COMPANY (CONTINUED)

Amounts owing by related companies which arose solely from trade transactions are unsecured, interest free and subject to credit terms of 30 days (2019: 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			
	2020		2019	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
Forward foreign currency exchange contract – fair value through profit and loss (not designated)	987	(8,301)	251	(15,222)
Forward foreign currency exchange contract – fair value through profit and loss (designated)	2,121,544	-	799,640	(214,787)
	2,122,531	(8,301)	799,891	(230,009)

The Group's derivatives comprise solely of Currency Exchange Forward Contracts incepted to hedge its foreign currency exposures arising mainly from purchases of raw materials in USD and 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.

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

(i) Derivatives designated and fair value hedge accounted

As at 30 June 2020

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or trade payables as hedge item				
			Fair value					Fair value	
Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Financial assets RM	Financial liabilities RM	Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Financial assets RM	Financial liabilities RM
July 2020	8,786,300	4.1807	966,692	-	July 2020	8,786,300	4.1807	-	(966,692)
August 2020	8,949,079	4.1896	945,507	-	August 2020	8,949,079	4.1896	-	(945,507)
September 2020	3,170,300	4.2440	185,543	-	September 2020	3,170,300	4.2440	-	(185,543)
October 2020	61,000	4.3060	-	-	October 2020	61,000	4.3060	-	-
November 2020	1,477,000	4.2980	8,419	-	November 2020	1,477,000	4.3060	-	(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.

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(i) Derivatives designated and fair value hedge accounted (continued)

As at 30 June 2019

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or trade payables as hedge item				
			Fair value					Fair value	
Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Financial assets RM	Financial liabilities RM	Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Financial assets RM	Financial liabilities RM
July 2019	5,362,000	4.1301	98,200	(17,304)	July 2019	5,362,000	4.1301	17,304	(98,200)
August 2019	6,606,570	4.1065	307,134	(34,163)	August 2019	6,606,570	4.1065	34,163	(307,134)
September 2019	14,141,700	4.1228	386,945	(4,730)	September 2019	14,141,700	4.1228	4,730	(386,945)
October 2019	2,404,500	4.1500	7,361	-	October 2019	2,404,500	4.1500	-	(7,361)
November 2019	6,492,000	4.1800	-	(158,590)	November 2019	6,492,000	4.1800	158,590	-
Total	35,006,770		799,640	(214,787)	Total	35,006,770		214,787	(799,640)

Net fair value gain from the hedging instruments of RM0.6 million and the corresponding net fair value loss from the hedged item of RM0.6 million are taken-up in the profit or loss.

(ii) Derivatives not designated and not hedge accounted

As at 30 June 2020

Forward foreign currency exchange contracts as undesignated hedge instrument

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

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(ii) Derivatives not designated and not hedge accounted (continued)

As at 30 June 2019

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2019	60,000	3.0190	-	(2,232)
August 2019	60,000	3.0266	-	(1,959)
September 2019	60,000	3.0418	-	(1,227)
October 2019	60,000	3.0555	251	(798)
November 2019	60,000	3.0538	-	(855)
December 2019	60,000	3.0540	-	(8,151)
Total	360,000		251	(15,222)

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 gain of around RM0.9 million (2019: gain of RM2.0 million) from its FX Forward Contracts with a corresponding realised net FX loss of RM1.2 million (2019: loss of RM2.4 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 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash in hand	2,350	4,023	2	2
Bank balances	7,119,941	7,858,926	259,704	341,251
Deposits with licensed financial institutions	27,432,589	42,314,553	290,000	7,874,108
	34,554,880	50,177,502	549,706	8,215,361

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

	Group 2020 % per annum	Group 2019 % per annum	Company 2020 % per annum	Company 2019 % per annum
Bank balances	0.11	0.17	-	-
Deposits with licensed financial institutions	1.71	2.94	1.70	2.60

Bank balances are deposits held at call with licensed banks. The Group's and Company's deposits with licenced financial institutions have placement periods ranging between 1 and 53 days (2019: 1 and 30 days).

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Trade payables	127,488,941	124,502,083	-	-
Other payables	5,191,328	5,731,861	179,618	120,153
Accruals	3,858,206	3,381,261	136,780	137,080
Prepayment from customer	1,458,981	1,601,143	-	-
Deposit received	600,000	600,000	-	-
	138,597,456	135,816,348	316,398	257,233

Trade payables include interest bearing suppliers' credit with balances amounting to RM26.4 million (2019: RM9.5 million). These credit facilities have interest bearing credit periods of up to 150 days (2019: 150 days).

The remaining trade and other payables are generally interest free and within accorded interest free credit periods ranging between 7 to 60 days (2019: 7 to 60 days).

"Prepayment from customer" represent advance payment by the winning bidder for the purchase of scraps in a given month, and advance payment by a cold rolled coil customer. Movement of contract liabilities in relation to the aforementioned is analysed as follows:

	Group	
	2020 RM	**2019 RM**
At 1 July	1,601,143	1,256,501
Advance payment received during the financial year	45,131,414	13,864,195
Revenue recognised during the financial year	(45,273,576)	(13,519,553)
At 30 June	1,458,981	1,601,143

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 contracts with customer of the Group of RM1,601,143 (2019: RM1,256,501) recognised in the current year relates to carried forward contract liabilities.

24 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities				
- deferred tax liabilities to be settled after more than 12 months	(22,630,166)	(23,764,165)	(11,700)	(11,700)
At 1 July	(23,764,165)	(21,699,216)	(11,700)	(13,304)
Effect of adoption of MFRS 16	(108,960)	-	-	-
	(23,873,125)	(21,699,216)	(11,700)	(13,304)
Credited/(Charged) to profit or loss (Note 10):				
- property, plant and equipment	2,485,813	2,246,794	-	1,604
- unutilised tax losses	(644,965)	(2,120,215)	-	-
- unutilised reinvestment allowance	(488,186)	-	-	-
- lease liabilities	(647,060)	-	-	-
- right-of-use asset	725,165	-	-	-
	1,430,767	126,579	-	1,604
Recognised in equity:				
- property, plant and equipment	(187,808)	(2,191,528)	-	-
At 30 June	(22,630,166)	(23,764,165)	(11,700)	(11,700)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- unutilised tax losses	3,115,033	3,759,998	-	-
- unutilised reinvestment allowance	17,816,158	18,304,344	-	-
- lease liabilities	2,748,944			
	23,680,135	22,064,342	-	-
Offsetting	(23,680,135)	(22,064,342)	-	-
Deferred tax assets (after offsetting)	-	-	-	-

24 DEFERRED TAX (CONTINUED)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(34,149,476)	(36,447,481)	(11,700)	(11,700)
- intangible assets	(4,800,000)	(4,800,000)	-	-
- right-of-use assets	(2,779,799)			
	(41,729,275)	(41,247,481)	(11,700)	(11,700)
Offsetting	23,680,135	22,064,342	-	-
	(18,049,140)	(19,183,139)	(11,700)	(11,700)
Subject to real property gain tax				
Deferred tax liability:				
- property, plant and equipment	(4,581,026)	(4,581,026)	-	-
Deferred tax liabilities (after offsetting)	(22,630,166)	(23,764,165)	(11,700)	(11,700)
Deferred tax liabilities (cumulative amount charged to equity)	(4,638,426)	(4,450,618)	-	-

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.

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	
	2020 RM	2019 RM
Unutilised tax losses		
2025	15,187,928	9,396,439
2026	1,247,364	4,930,574
	16,435,292	14,327,013
Unused reinvestment tax allowance		
2031	2,034,113	-
	18,469,405	14,327,013
Deferred tax assets not recognised at 24%	4,432,657	3,438,483

25 BORROWINGS

The Group's and Company's borrowings at the close of the respective financial periods are disclosed below:

		Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Current					
Bankers' acceptance	(i)	31,200,000	80,650,000	-	-
Factoring		4,442,085	-	-	-
Term loan	(i)	5,833,332	3,617,104	-	-
Hire-purchase creditors	(ii)	2,247,033	2,522,754	170,877	170,877
Mortgage loan	(iii)	1,735,637	1,674,023	-	-
		45,458,087	88,463,881	170,877	170,877
Non-current					
Term loan	(i)	10,852,947	-	-	-
Hire-purchase creditors	(ii)	1,279,766	3,525,836	363,917	534,793
Mortgage loan	(iii)	16,384,968	18,149,290	-	-
		28,517,681	21,675,126	363,917	534,793
Combined					
Bankers' acceptance		31,200,000	80,650,000	-	-
Factoring		4,442,085	-	-	-
Term loan		16,686,279	3,617,104	-	-
Hire-purchase creditors		3,526,799	6,048,590	534,794	705,670
Mortgage loan		18,120,605	19,823,313	-	-
Total		73,975,768	110,139,007	534,794	705,670

The Group's total interest cost attributed to the above borrowings for the current financial year is RM5.3 million (2019: RM5.6 million). Neither the Group nor the Company have any overdue position on the outstanding borrowings from financial institutions. The Group's Cold Rolled subsidiary had rescheduled with financial institution on near-term trade repayment obligations amounting to RM 22.6 million with deferments up to 60 days due to the COVID-19 shut-down. At the issuance date of this report, these have been fully settled.

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

25 BORROWINGS (CONTINUED)

Contractual terms of borrowings

	Contractual interest rate at reporting date (% per annum)	Functional currency/ currency exposure	Total carrying amount	Maturity profile < 1 year	1-2 years	2-3 years	3-4 years	> 4 years
				RM	RM	RM	RM	RM
Group								
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
At 30 June 2019								
Secured								
Bankers' acceptance	4.67 - 5.65	RM/RM	80,650,000	80,650,000	-	-	-	-
Term loan	5.54 - 6.50	RM/RM	3,617,104	3,617,104	-	-	-	-
Hire-purchase creditors	2.29 - 3.12	RM/RM	6,048,590	2,522,754	2,246,072	1,058,806	188,498	32,460
Mortgage loan	5.64 - 5.89	RM/RM	19,823,313	1,674,023	1,764,321	1,870,161	1,982,350	12,532,458
			110,139,007	88,463,881	4,010,393	2,928,967	2,170,848	12,564,918
Company								
At 30 June 2020								
Secured								
Hire-purchase creditors	2.29 – 2.72	RM/RM	534,794	170,877	170,877	160,578	32,462	-
At 30 June 2019								
Secured								
Hire-purchase creditors	2.29 – 2.72	RM/RM	705,670	170,877	170,877	170,877	160,578	32,461

25 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Future minimum lease payments of hire-purchase creditors:				
Payable within one year	2,399,092	2,796,726	193,536	193,536
Payable between one and two years	1,108,566	2,398,131	193,536	193,536
Payable between two and three years	209,417	1,108,566	181,292	193,536
Payable between three and five years	36,207	245,624	36,207	217,499
	3,753,282	6,549,047	604,571	798,107
Less: Future finance charges	(226,483)	(500,457)	(69,777)	(92,437)
Carrying amount	3,526,799	6,048,590	534,794	705,670
Carrying amount of hire-purchase creditors:				
Payable within one year	2,247,034	2,522,754	170,877	170,877
Payable between one and two years	1,058,805	2,246,072	170,877	170,877
Payable between two and three years	188,498	1,058,806	160,578	170,877
Payable between three and five years	32,462	220,958	32,462	193,039
	3,526,799	6,048,590	534,794	705,670

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	
	2020 % per annum	**2019 % per annum**	**2020 % per annum**	**2019 % per annum**
Bankers' acceptance	4.31	5.21	-	-
Factoring	8.00	-	-	-
Term loan	5.31	6.25	-	-
Hire-purchase creditors	2.59	2.62	2.42	2.42
Mortgage loan	5.18	5.82	-	-

The stated contractual interest rate for the Hire–Purchase is at a 'flat-rate', whilst the rest are on 'reducing balance' basis.

25 BORROWINGS (CONTINUED)

For the current financial year, the Cold Rolled subsidiary did not comply with its liquidity covenant in the form of the 'Debt Service Cover Ratio' due to its operating loss position largely due to the impact of COVID-19. The Cold Rolled subsidiary has prior to the financial year obtained a waiver indulgence on the said covenant ratio for the affected period from the lender.

With the exception of the above, the Group and the subsidiaries complied with all the relevant covenants set out in the respective facility agreements for the current and previous financial year. Refer to Notes 4 (a) and (b) for further details.

26 SHARE CAPITAL

	Group/Company			
	2020		2019	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Issued and fully paid with no par value				
At 1 July	327,057,599	217,676,829	283,545,455	206,363,671
Rights Issue with warrants	-	-	43,512,144	11,313,158
At 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.

27 WARRANT RESERVES

	Group/Company			
	2020		2019	
	Number of warrants	Nominal value RM	Number of warrants	Nominal value RM
At 1 July	21,756,070	1,740,486	-	-
Rights Issue with warrants	-	-	21,756,070	1,740,486
At 30 June	21,756,070	1,740,486	21,756,070	1,740,486

Pursuant to the 'Rights Issue with Warrants' exercise in the preceding financial year, 21,756,070 free detachable warrants with salient terms as outlined below were listed on 31 January 2019.

(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 2020, 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.

28 ASSET REVALUATION RESERVE

	Group	
	2020 RM	2019 RM
At 1 July	30,108,054	26,851,548
Revaluation surplus on:		
- property, plant and equipment	449,641	5,448,034
- right-of-use asset	366,999	-
Deferred tax	(187,808)	(2,191,528)
Credited to other comprehensive income	628,832	3,256,506
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	30,710,966	30,108,054

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.

29 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

29 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):

Entities	Type of transaction	Group 2020 RM	Group 2019 RM
Trade: received/receivable			
Fellow subsidiary			
Melewar Steel Mills Sdn. Bhd.	Repayment received	-	(1,496,834)
Non-trade: received/receivable			
Ultimate holding company			
Melewar Industrial Group Berhad	Advances made	-	1,000,000
Melewar Industrial Group Berhad	Repayment received	-	(1,846,200)
Trade: paid/payable			
Ultimate holding company			
Melewar Industrial Group Berhad	Rental for lease of properties	(3,445,860)	(3,693,328)
Melewar Industrial Group Berhad	Payment made	3,445,860	3,693,328
Melewar Industrial Group Berhad	Management fees	(3,240,000)	(3,240,000)
Melewar Industrial Group Berhad	Payment made	3,240,000	3,240,000
Fellow subsidiaries			
Melewar Steel Mills Sdn. Bhd.	Scrap handling commission	(1,089,250)	(2,228,650)
Melewar Steel Mills Sdn. Bhd.	Payment made	657,530	2,228,650
Non-trade: paid/payable			
Ultimate holding company			
Melewar Industrial Group Berhad	Purchase of land and building	-	(26,000,000)
Fellow subsidiary			
Melewar Integrated Engineering Sdn. Bhd.	Technical advisory fees	-	(192,000)
Related party			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(246,248)	(255,328)
Maax Factor Sdn. Bhd.	Factoring proceeds	4,442,085	-

29 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): (continued)

		Company	
Entity	Type of transaction	2020 RM	2019 RM
Trade: received/receivable			
Subsidiary			
Mycron Steel CRC Sdn. Bhd.	Management fees income	2,878,370	2,326,355
Mycron Steel CRC Sdn. Bhd.	Payment received	(2,663,775)	(2,518,707)
Melewar Steel Tube Sdn. Bhd.	Management fees income	396,617	-
Melewar Steel Tube Sdn. Bhd.	Payment received	(396,617)	-
Non-trade: received/receivable			
Subsidiary			
Mycron Steel CRC Sdn. Bhd.	Advances given *(utilisation of rights proceeds)*	7,752,421	2,425,000
Non-trade: paid/payable			
Subsidiary			
Melewar Steel Tube Sdn. Bhd.	Advances repaid	-	2,244,929
Mycron Steel CRC Sdn. Bhd.	Advances received	-	(362,617)
Related parties			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(241,539)	(249,877)

29 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Significant outstanding balances arising from the above are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amount owing (to)/ by ultimate holding company				
Melewar Industrial Group Berhad	(8,347)	15,097	-	-
Amounts owing by subsidiaries				
Melewar Steel Tube Sdn Bhd.	-	-	58,824	-
Silver Victory Sdn. Bhd.	-	-	63,903	63,903
	-	-	122,727	63,903
Amounts owing by related companies				
Melewar Imperial Ltd	-	745,994	-	-
Melewar Steel Services Sdn. Bhd.	44,000	-	-	-
Jack Nathan Ltd	896	-	-	-
	44,896	745,994	-	-
Amounts owing to subsidiaries				
Mycron Steel CRC Sdn. Bhd.	-	-	148,022	362,617
Melewar Steel Tube Sdn. Bhd.	-	-	3,255,071	3,255,071
	-	-	3,403,093	3,617,688
Amounts owing to related companies				
Melewar Steel Mills Sdn. Bhd.	739,619	307,899	-	-
Melewar Integrated Engineering Sdn. Bhd.	722,668	714,908	-	-
	1,462,287	1,022,807	-	-

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Fees, salaries and bonuses	4,662,149	5,136,350	325,000	350,000
Defined contribution plan	678,645	733,014	48,750	52,500
Benefits-in-kind	91,326	89,938	48,500	45,657
	5,432,120	5,959,302	422,250	448,157

Remuneration details on the Non-Executive Directors are disclosed in Note 9 to the financial statements.

30 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 on terms and conditions 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
2020				
Revenue				
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
Segment results				
(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).

	Cold rolled coil RM	Steel tube RM	Others RM	Total RM
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

30 SEGMENTAL ANALYSES (CONTINUED)

	Cold rolled coil RM	Steel tube RM	Others RM	Total RM
2019				
Revenue				
Total revenue	462,958,960	259,695,098	2,326,355	724,980,413
Inter segment	(28,170,385)	-	(2,326,355)	(30,496,740)
External revenue	434,788,575	259,695,098	-	694,483,673
Segmented by steel product:				
- Cold rolled coils	422,175,101	-	-	422,175,101
- Steel tube and pipes	-	257,274,437	-	257,274,437
- Scraps	12,063,857	517,438	-	12,581,295
Processing service income	549,617	1,903,223	-	2,452,840
External revenue	434,788,575	259,695,098	-	694,483,673
Segment results				
(Loss)/Profit from operations	(13,752,567)	10,118,689	(587,282)	(4,221,160)
Finance income	759,504	467,522	102,988	1,330,014
Finance costs	(3,538,607)	(3,346,305)	(18,938)	(6,903,850)
Total (loss)/profit before tax	(16,531,670)	7,239,906	(503,232)	(9,794,996)
Consolidation elimination ^	102,337	-	-	102,337
External (loss)/profit before tax	(16,429,333)	7,239,906	(503,232)	(9,692,659)
Tax	(72,311)	(2,176,589)	(43,939)	(2,292,839)
Net (loss)/profit after tax	(16,501,644)	5,063,317	(547,171)	(11,985,498)
Total segment assets	450,732,821	224,124,350	223,556,634	898,413,805
Consolidation elimination *	(7,600,928)	(10,859,620)	(214,279,584)	(232,740,132)
Net segment assets	443,131,893	213,264,730	9,277,050	665,673,673

^ Related to elimination of unrealised profit on closing inventories (RM0.1 million).

* Major items included intercompany balances elimination (RM10.8 million), elimination of cost of investment (RM214.2 million), elimination of goodwill from the Steel Tube subsidiary (RM7.5 million) and elimination of unrealised profit on closing inventories (RM0.3 million).

	Cold rolled coil RM	Steel tube RM	Others RM	Total RM
Other information				
Depreciation on property plant and equipment	11,505,106	3,593,662	99,288	15,198,056
Impairment on:				
- property, plant and equipment	1,598,906	74,497	-	1,673,403
Additions of property, plant and equipment	9,894,928	30,351,402	726,155	40,972,485

30 SEGMENTAL ANALYSES (CONTINUED)

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

	2020 RM	2019 RM
Segment assets	631,517,527	665,673,673
Derivatives	2,122,531	799,891
Tax recoverable	374,019	424,214
	634,014,077	666,897,778

Information about major customers

Revenue from two major customers amounting to RM42.9 million (2019: RM74.1 million) and RM62.3 million (2019: RM89.9 million) contributed to 18% of the Group's revenue. These two major customers are each from the cold rolled segment and the steel tube segment.

31 FINANCIAL GUARANTEES

As at 30 June 2020, 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 RM107.7 million (2019: RM136.0 million) and RM98.2 million (2019: RM74.9 million) respectively.

32 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 RM12.9 million. From this amount, around RM8.4 million has been committed for the remaining construction of the new Acid Regeneration Plant and RM4.5 million for the balance payment for the Continuous Pickling Line revamp. The Group's Steel Tube subsidiary has outstanding capital commitments that has been approved and contracted for of around RM1.6 million for the upgrading of its existing plant and machineries and digitalisation of its manufacturing system. 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 or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

33 STATUS OF CORPORATE PROPOSALS

There are no outstanding corporate proposals as at the date of this report.

The Company completed its 'Rights Issue with Warrants' exercise on 31 January 2019, and raised RM13,053,643.20 ('Rights Proceeds'). On the Rights Proceeds raised, RM5,479,000 was utilised in the approved areas in the preceding financial year. The balance sum of RM7,575,000 was fully utilised in the approved capital expenditure projects of the Cold Rolled subsidiary (see Note 12) in the current financial year.

34 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		2019	
	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:				
Current assets:				
Derivative financial assets	-	2,122,531	-	799,891
Trade and other receivables (excluding prepayments and GST recoverable)	73,081,501	-	86,296,240	-
Cash and cash equivalents	34,554,880	-	50,177,502	-
Amount owing by ultimate holding company	-	-	15,097	-
Amounts owing by related companies	44,896	-	745,994	-
Total financial assets	107,681,277	2,122,531	137,234,833	799,891

	2020		2019	
	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:				
Current liabilities:				
Derivative financial liabilities	-	8,301	-	230,009
Trade and other payables	137,138,475	-	134,215,205	-
Borrowings	45,458,087	-	88,463,881	-
Lease liabilities *[a]	2,856,678	-	-	-
Amount owing to ultimate holding company	8,347	-	-	-
Amount owing to a related company	1,462,287	-	1,022,807	-
Non-current liability:				
Borrowings	28,517,681	-	21,675,126	-
Lease liabilities *[a]	8,597,254	-	-	-
Total financial liabilities	224,038,809	8,301	245,377,019	230,009

a) Upon the adoption of MFRS16 in the current financial year, the Group's financial liabilities is exaggerated by RM11,453,932 with the inclusion of 'lease liabilities' whilst its corresponding ROU is deemed as a non-financial asset.

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company	2020 At Amortised cost RM	2019 At amortised cost RM
Financial assets per statement of financial position:		
Current assets:		
Trade and other receivables (excluding prepayments and GST recoverable)	13,621	5,000
Cash and cash equivalents	549,706	8,215,361
Amounts owing by subsidiaries	122,727	63,903
	686,054	8,284,264
Non-current asset:		
Amount owing by a subsidiary	32,704,630	24,952,209
Total financial assets	33,390,684	33,236,473

	2020 At Amortised cost RM	2019 At amortised cost RM
Financial liabilities per statement of financial position:		
Current liabilities:		
Trade and other payables	316,398	257,233
Amounts owing to subsidiaries	3,403,093	3,617,688
Borrowings	170,877	170,877
	3,890,368	4,045,798
Non-current liability:		
Borrowings	363,917	534,793
Total financial liabilities	4,254,285	4,580,591

35 SIGNIFICANT EVENTS DURING AND AFTER REPORTING DATE

The COVID-19 outbreak has developed rapidly in 2020 with a significant number of infections in the Country. Measures taken by the government to contain the virus have affected economic activity and the businesses of the Group, particularly over the six weeks of nationwide mandatory business shutdown. The Group had considered the impact of COVID-19 and other market volatility in preparing these financial statements.

While the specific areas of judgement did not change, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the dynamic and evolving nature of COVID-19; limited recent experience on the economic and financial impacts of such a pandemic; and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the best 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 statement disclosures

The Group had taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home) and securing the supply of materials that are essential to the Group's production process. The Group's financial performance was affected by the six-week business shutdown which had caused a decline in sales volume as compared to the corresponding preceding period. 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 deliver 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)	30	107,500,000
Lot 53, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor.	22.5.2078	Factory cum office building	196,301 sq.ft. (4.51 acres)	29	29,300,000

Note: The above property was revalued in June 2020.
* Based on surveyed land area.
^ From the date of Certificate of Fitness for Occupation.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **17TH ANNUAL GENERAL MEETING ("AGM")** of the Company will be held at the **Crystal Function Room, 4th Floor, Mutiara Complex, 3½ Miles, Jalan Ipoh, 51200 Kuala Lumpur** on **Monday, 30 November 2020 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 2020 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 RM390,000.00 for the period from 1 January 2021 to 31 December 2021 to be payable quarterly in arrears to the Non-Executive Directors of the Company.	**1**
3. To approve an amount of up to RM100,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 December 2020 to 31 December 2021. ***[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) En Roshan Mahendran bin Abdullah	**3**
(ii) Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	**4**
5. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**5**

AS SPECIAL BUSINESS

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

(a) Proposed Continuation in Office as an Independent Non-Executive Director in accordance with Practice 4.2 of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") — **Resolution 6**

"THAT approval be and is hereby given for Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim, who will have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 30 September 2021, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company."
[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 — **Resolution 7**

"THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 29 November 2019 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 Part A of the Circular to Shareholders dated 30 October 2020 ("the Circular"), with Trace Management Services Sdn Bhd ("the Related Party") mentioned therein which are necessary, for the Company and/or its subsidiaries' for day-to-day operations which are carried out in the ordinary course of business on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

(a) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the 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

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

whichever is the earlier.

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

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

"THAT the mandate granted by the shareholders of the Company on 29 November 2019 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 of a revenue or trading nature which are necessary for the Mycron Group's day-to-day operations as set out in Sections 3.3(A)(ii) and (iii) and 3.3(B) of Part A of the Circular to Shareholders dated 30 October 2020 with the related parties mentioned therein, be and is hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new RRPTs as set out in Section 3.3(C) of Part A of the Circular with the related party mentioned therein, provided that:-

(a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company; and

(b) the transactions are made at arm's length and on normal commercial terms.

AND THAT, authority conferred by such renewed and granted mandate shall continue to be in force (unless revoked or varied by the Company in general meeting), until:

(a) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

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

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

whichever is the earliest.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

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

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

7. To consider and, if thought fit, to pass the following resolution as Special Resolution:-

(a) Proposed Amendments to the Constitution of the Company ("Proposed Amendments") **Special Resolution 1**

"THAT the Proposed Amendments to the Company's Constitution as set out in Part B of the Circular to Shareholders dated 30 October 2020 be and are hereby approved AND THAT the Directors be and are hereby authorised to do all such acts and things and to take such steps that are necessary to give effect to the Proposed Amendments to the Constitution of the Company."

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
Company Secretary

Kuala Lumpur
30 October 2020

NOTES:-

1. *Applicable to shares held through a nominee account.*

2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint more than one (1) proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*

3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.*

4. *Where a member is an Exempt Authorised Nominee which holds 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 is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

7. *Any alteration in the form of proxy must be initialled.*

8. *Form of proxy sent through facsimile transmission shall not be accepted.*

9. *For the purpose of determining a member who shall be entitled to attend this 17th 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 20 November 2020. Only a depositor whose name appears on the Record of Depositors as at 20 November 2020 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.*

10. *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 December 2020 to 31 December 2021.

    The benefits comprises the meeting allowances, benefits-in-kind and other emoluments payable to the Non-Executive Directors of the Company.

    In determining the estimated total amount of remuneration (excluding Directors' fees) for the Non-Executive Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

    The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the directors' remuneration (excluding Directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the relevant period.

11. Explanatory Notes to Special Business:

(C) Proposed Continuation in Office as an Independent Non-Executive Director in accordance with Practice 4.2 of the MCCG 2017 (Ordinary Resolution 6)

In line with the Practice 4.2 of the MCCG 2017, the Proposed Ordinary Resolution 6, if passed, will enable Tan Sri Datuk Seri Razman Md Hashim, who will have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 30 September 2021, 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 the long serving Independent Non-Executive Director, who 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 Requirement 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 in banking and finance industry enabling him to provide the Board with a diverse set of experience, expertise and independent judgement.

(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.

(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 34 of the Annual Report.

(D) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolutions 7 and 8)

The Proposed Ordinary Resolutions 7 and 8, if passed, will empower the Company to conduct 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 9)

The Ordinary Resolution proposed under Resolution 9 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 16th AGM held on 29 November 2019 and which will lapse at the conclusion of the 17th AGM to be held on 30 November 2020.

(F) Proposed Amendments to the Constitution of the Company (Special Resolution 1)

The proposed amendments to the Company's Constitution under Special Resolution 1 are made mainly to have expressed constitutional provisions to allow remote participation at general meetings and to further enhance administrative efficiency of the Company.

12. *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 6 and 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 30 October 2020 which is despatched together with the Company's 2020 Annual Report.

Measures to Minimise Risk of COVID-19

In order to minimise the risk of community spread of COVID-19, the Company will be taking the following precautionary measures at the 17th AGM:

1. Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 17th AGM in person.

2. Members are encouraged to appoint the Chairman of the Meeting to act as proxy to attend and vote at the 17th AGM on their behalf by submitting the proxy form with predetermined voting instruction. The proxy form is attached to the Notice of AGM. If you have any questions in relation to any item of the Agenda of the 17th AGM, you may send them in advance via email at lily@crestcorp.com.my or roshan@mycronsteel.com or shazal@mycronsteel.com.

3. Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the 17th AGM in person.

4. A health screening counter will be set up for the purpose of health screening and body temperature will be taken for all persons before entering the venue. A member or proxy who has temperature of 37.5°C or higher or exhibits flu-like symptoms will not be permitted to attend the Meeting.

5. In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the 17th AGM in person.

6. Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the Meeting in person. Please note that no face mask will be provided at the Meeting venue.

7. Members or proxies are advised to observe/maintain social distancing of at least 1 meter from each other throughout the Meeting.

8. Members or proxies are advised to arrive early at the Meeting venue given that the above-mentioned precautionary measures may cause delay in the registration process.

9. **NO door gift nor meal vouchers will be provided** to the Members/proxies.

10. **NO refreshment will be served** at the Meeting venue.

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 17th AGM at short notice. Kindly check Bursa Securities's website at www.bursamalaysia.com, Share Registrar's website at www.tracemanagement.com.my and the Company's website at www.mycronsteel.com for the latest updates on the status of the said Meeting.

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 17th AGM of the Company are set out in the Directors' Profile on pages 32 and 35 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 44 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 17th AGM of the Company.

MYCRON STEEL BERHAD
Reg. No.: 200301020399 (622819-D)

FORM OF PROXY
(please refer to the notes below)

No. of ordinary shares held

I/We ______________________________ NRIC No./Reg. No./CDS No.:______________________
(Full Name in block letters)

of ____
(Full address)

____
being a member/members of **MYCRON STEEL BERHAD** hereby appoint *Chairman of the meeting or

______________________ of ______________________________________ or failing him/her
(Name of proxy, NRIC No.) (Full Address)

______________________ of ______________________________________ as *my/our proxy
(Name of proxy, NRIC No.) (Full Address)

to vote for *me/us and on *my/our behalf at the **17th Annual General Meeting ("AGM")** of the Company to be held at the **Crystal Function Room, 4th Floor, Mutiara Complex, 3½ Miles, Jalan Ipoh, 51200 Kuala Lumpur** on **Monday, 30 November 2020 at 10.00 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of the 17th AGM. My/our proxy is to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
		For	**Against**	**For**	**Against**
Resolution	**Ordinary Business**				
1	To approve the payment of Directors' fees amounting to RM390,000.00 for the period from 1 January 2021 to 31 December 2021 to be payable quarterly in arrears to the Non-Executive Directors of the Company.				
2	To approve an amount of up to RM100,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 December 2020 to 31 December 2021.				
	To re-elect the following Directors of the Company who are retiring in accordance with Article 96(1) of the Company's Constitution:-				
3	(i) En Roshan Mahendran bin Abdullah				
4	(ii) Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah				
5	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	Special Business				
6	Approval for Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim to continue in office as an Independent Non-Executive Director.				
7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Trace Management Services Sdn. Bhd.				
8	To approve the Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions.				
9	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				
	Special Resolution				
1	Proposed Amendments to the Constitution of the Company				

[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 ________________ 2020

____
Signature of Shareholder(s)/Common Seal

NOTES:

1. *Applicable to shares held through a nominee account.*
2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint more than one (1) proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds 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 is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *Any alteration in the form of proxy must be initialled.*
8. *Form of Proxy sent through facsimile transmission shall not be accepted.*
9. *For the purpose of determining a member who shall be entitled to attend this 17th 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 20 November 2020. Only a depositor whose name appears on the Record of Depositors as at 20 November 2020 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.*
10. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 17th AGM will be put to vote on a poll.*
11. *The members are advised to refer to the Administrative Guide for the AGM on the registration process for the Meeting.*

** Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit).*

Fold Here

STAMP

The Secretary
Mycron Steel Berhad
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

Fold Here

NOTICE

There will be no distribution of door gifts nor meal vouchers

www.mycronsteel.com

MYCRON STEEL BERHAD Reg. No.: 200301020399 (622819-D)
Lot 717, Jalan Sungai Rasau, Seksyen 16
40200 Shah Alam, Selangor, Malaysia
Tel : +603 5510 6608 Fax : +603 5510 3720 Email : enquiry@mycronsteel.com