LION INDUSTRIES CORPORATION

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

Laporan Tahunan

2021

Annual Report

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 91st Annual General Meeting of Lion Industries Corporation Berhad ("91st AGM") will be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 May 2022 at 10.00 am for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the 18-month financial period ended 31 December 2021 and the Reports of the Directors and Auditors thereon. **Note 1**

2. To approve the payment of Directors' fees amounting to RM448,500 for the 18-month financial period ended 31 December 2021. **Resolution 1**

3. To approve the payment of Directors' benefits of up to RM87,000 for the period commencing after the 91st AGM until the next annual general meeting of the Company. **Resolution 2**

4. To re-elect the following Directors who retire by rotation in accordance with Clause 110 of the Company's Constitution and who being eligible, have offered themselves for re-election:

   (i) Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin **Resolution 3**
   (ii) Y. Bhg. Dato' Nik Rahmat bin Nik Taib **Resolution 4**
   (iii) Ms Yap Soo Har **Resolution 5**

5. To re-appoint Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

6. Special Business

   To consider and, if thought fit, pass the following Ordinary Resolutions:

6.1 Authority to Directors to Issue and Allot Shares

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue and allot shares in the Company at any time 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 7**

6.2 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is hereby given for the renewal of the mandate for the Company and its subsidiaries (collectively, the "Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 27 April 2022 ("Related Parties"), provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 8**

THAT authority conferred by this ordinary resolution will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the Shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution which shall include, without limitation, taking any action which the Directors may, in their absolute discretion deem fit, to recover any sums due to the Company under the said transactions or to settle the same."

6.3 Proposed Renewal of Share Buy-Back Authority

"THAT subject to the Companies Act 2016, the provisions of the Constitution of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities, the Company be and is hereby authorised to buy back such number of ordinary shares in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that: **Resolution 9**

(i) the aggregate number of shares bought back and/or held by the Company does not exceed 10% of the total number of issued shares of the Company at any point of time provided always that in the event the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellations, re-sales, transfers and/or distributions of any of these shares so purchased, the Company shall be entitled to further purchase and/or hold such additional number of shares which shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total number of issued shares of the Company; and

(ii) the maximum funds to be allocated for the share buy-back shall not exceed the retained profits of the Company, based on its latest audited financial statements available up to the date of the share buy-back transaction

(hereinafter referred to as the "Proposed Renewal of Share Buy-Back Authority"); and

THAT authority conferred by this ordinary resolution shall commence immediately upon the passing of this resolution and will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

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

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to cancel the Shares so purchased by the Company, to retain the Shares so purchased as treasury shares, or to retain part of such Shares so purchased as treasury shares and cancel the remainder, and to distribute the treasury shares as share dividends and/or resell the treasury shares on the market of Bursa Securities or such other manner as allowed under the Companies Act 2016;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to execute all necessary documents, to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary by the Directors and to take all steps and actions as may be required by the relevant authorities and as the Directors may deem necessary and expedient to finalise, implement and give full effect to the Proposed Renewal of Share Buy-Back Authority."

7. To transact any other business for which due notice shall have been given.

By Order of the Board

WONG PHOOI LIN (MAICSA 7013812)
SSM PC No. 202008002964

KONG SIEW FOON (MAICSA 7044962)
SSM PC No. 202008002081
Secretaries

Kuala Lumpur
27 April 2022

Notes:

- *Proxy*

  (i) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 20 May 2022 shall be eligible to participate at the Meeting.*

  (ii) *A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.*

  (iii) *If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.*

  (iv) *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*

  (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

  (vi) *The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.*

  (vii) *Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.*

- *The 91st AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at https://sshsb.net.my/. Please refer to the procedures provided in the Administrative Guide for the 91st AGM for registration, participation and remote voting via the RPV facilities.*

1. *Audited Financial Statements for the 18-month financial period ended 31 December 2021*

   The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by Members.

2. *Resolution 2*

   The benefits payable to the Directors of up to RM87,000 for the period commencing after the 91st AGM until the next annual general meeting of the Company comprise estimated meeting allowance in respect of Directors' attendance at Board and Board Committees meetings which have been scheduled and those unscheduled. The Board is of the view that it is just and equitable for the Directors to be paid the meeting allowance as and when incurred in discharging their responsibilities and rendering their services to the Company throughout the relevant period.

3. *Resolutions 3 to 5*

   The following independent non-executive Directors ("Retiring Directors") retire in accordance with Clause 110 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (i) *Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin*
   (ii) *Y. Bhg. Dato' Nik Rahmat bin Nik Taib*
   (iii) *Ms Yap Soo Har*

   The Nomination Committee ("NC") had reviewed the performance and contribution of each of the Retiring Directors and had also assessed the independence of the independent non-executive Directors seeking re-election.

   Based on the results of the annual assessment for the financial period ended 31 December 2021, the NC was satisfied with the performance of each of the Retiring Directors who had discharged his/her duties and responsibilities effectively at all times.

   The NC was also satisfied that the Retiring Directors had maintained their independence in exercising independent judgement to act in the best interest of the Company in the financial period under review.

   The Board had concurred with the NC's recommendation to seek Shareholders' approval for the re-election of the Retiring Directors.

   The profiles of the Retiring Directors are set out on pages 7 to 9 of the 2021 Annual Report.

4. *Resolution 7*

   This approval will allow the Company to procure the renewal of the general mandate ("General Mandate") which will empower the Directors of the Company to issue and allot new shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares). The General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

   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 last Annual General Meeting of the Company held on 25 November 2020.

5. *Resolution 8*

   This approval will allow the Group to continue to enter into recurrent related party transactions of a revenue or trading nature with those Related Parties, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

   Details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders dated 27 April 2022 which is made available at the Company's website at www.lion.com.my/licb-agm and Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

6. *Resolution 9*

   This approval will empower the Directors of the Company to purchase the Company's shares up to 10% of the total number of issued shares of the Company at any point of time. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

   Details on the Proposed Renewal of Share Buy-Back Authority are set out in the Circular to Shareholders dated 27 April 2022 which is made available at the Company's website at www.lion.com.my/licb-agm and Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

CORPORATE INFORMATION

Board of Directors	:	Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin *(Chairman)* Y. Bhg. Tan Sri Cheng Yong Kim *(Managing Director)* Y. Bhg. Dato' Nik Rahmat bin Nik Taib Ms Yap Soo Har Ms Cheng Hui Ya, Serena
Secretaries	:	Ms Wong Phooi Lin (MAICSA 7013812) SSM PC No. 202008002964 Ms Kong Siew Foon (MAICSA 7044962) SSM PC No. 202008002081
Registration No	:	192401000008 (415-D)
Registered Office	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my/lionind
Share Registrar	:	Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	:	Deloitte PLT Level 16, Menara LGB 1 Jalan Wan Kadir Taman Tun Dr. Ismail 60000 Kuala Lumpur Wilayah Persekutuan
Principal Bankers	:	Malayan Banking Berhad Affin Investment Bank Berhad Bank of China (Malaysia) Berhad
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	:	LIONIND
Bursa Securities Stock No	:	4235
Reuters Code	:	LLBM.KL

DIRECTORS' PROFILE

Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
Independent Non-Executive Chairman

Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin, a Malaysian, male, aged 69, was appointed to the Board on 29 August 2013 and has been the Chairman of the Company since 19 December 2013. He is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Company.

Datuk Seri Raja Nong Chik graduated with a Bachelor of Economics (Honours) from the University College of Wales, Aberystwyth. He is also a Fellow of the Chartered Institute of Management Accountants and an Associate member of the Institute of Chartered Secretaries and Administrators as well as a member of the Malaysian Institute of Accountants.

Datuk Seri Raja Nong Chik started his career as an accountant at FELCRA (Federal Land Consolidation and Rehabilitation Authority) in 1978 and thereafter as the Assistant Financial Controller and Manager, Corporate Planning at Kumpulan FIMA Bhd. He then joined the OYL Group as an Executive Director and was instrumental in setting a joint-venture company which pioneered a local brand of air conditioners and fridge under the brand name, ACSON, which is now exported throughout the world. In 1986, he was instrumental in getting OYL Industries Bhd listed on the Kuala Lumpur Stock Exchange (now Bursa Malaysia Securities Berhad). In 1991, he left the OYL Group after disposing of a strategic stake to the Hong Leong Group to establish his own RASMA Group of Companies as an engineering based investment company which is actively involved in mechanical and electrical engineering, construction and property investment and manufacturing. Until April 2009, he was on the Board of Pharmaniaga Bhd and iCapital.biz Bhd.

Datuk Seri Raja Nong Chik also served as a committee member of the Selangor Federation of Malaysian Manufacturers for a number of years and before becoming a Minister, was the President of the Bumiputra Manufacturers and Services Industry Association, President of Persatuan Kontraktor Jentera Melayu Malaysia (PKJMM) and a member of the National Innovation Council of Malaysia. In April 2009, he was appointed a Senator and the Minister of Federal Territories and Urban Well-Being by the Prime Minister. He resigned as a Minister and Senator in May 2013.

Datuk Seri Raja Nong Chik has a direct shareholding of 100,000 ordinary shares and a deemed interest in 100,000 ordinary shares in the Company.

Datuk Seri Raja Nong Chik attended all 9 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Tan Sri Cheng Yong Kim
Managing Director

Y. Bhg. Tan Sri Cheng Yong Kim, a Singaporean, male, aged 72, was appointed the Managing Director of the Company on 16 January 1995.

Tan Sri Cheng graduated with a Bachelor of Business Administration (Honours) from the University of Singapore in 1971. He has more than 40 years of experience in the business operations of the Lion Group encompassing steel, property development, retail, credit financing, tyre manufacturing, motor, agriculture and computer industries. For a period of 7 years from 1988 to 1995, he was the Managing Director of Lion Fasteners Sdn Bhd, a company engaged in the business of manufacturing bolts and nuts. In 1990, he assumed the role of President Director in P T Lion Metal Works Tbk, a public company listed on the Indonesia Stock Exchange, which is a manufacturer of steel furniture, building materials and metal stamping products in Indonesia. He took on the position of Managing Director of the Company in 1995 and in 1996, he was appointed the Executive Director of the Likom group of companies which are involved in the manufacturing and marketing of computers, monitors and peripherals.

Tan Sri Cheng is a Director of NTUC Fairprice Co-Operative Limited, Singapore. He was appointed a member of The Malaysian National Standards Committee (MyNSC) for the period from 1 January 2018 to 31 December 2020. Tan Sri Cheng was also the Chairman of the International Chamber of Commerce Malaysia from 2014 to June 2018 and is currently its Vice Chairman. In May 2020, he was appointed the Chairman of the Finance Committee of the Federation of Malaysian Manufacturers ("FMM").

Tan Sri Cheng's other directorships in public companies are as follows:

- First Director of ICC Malaysia Berhad and Director of Hy-Line Berhad
- First Director of Malaysia Steel Institute
- Council member of the FMM
- Director of GS1 Malaysia Berhad, a wholly-owned subsidiary of FMM
- Director of Lion Diversified Holdings Berhad (In liquidation)

Tan Sri Cheng has a direct shareholding of 11,428,289 ordinary shares and a deemed interest in 74,745,649 ordinary shares in the Company. He also has interests in certain companies which conduct similar business with the Group in the property development sector.

Tan Sri Cheng is the nephew of Y. Bhg. Tan Sri Cheng Heng Jem, a major shareholder of the Company, and his cousin, Ms Cheng Hui Ya, Serena, is a non-independent non-executive Director of the Company.

Tan Sri Cheng attended all 9 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Dato' Nik Rahmat bin Nik Taib
Independent Non-Executive Director

Y. Bhg. Dato' Nik Rahmat bin Nik Taib, a Malaysian, male, aged 64, was appointed to the Board on 28 February 2018. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Dato' Nik Rahmat graduated with a Bachelor of Analytical Economics (Honours) from University of Malaya in 1980. He further obtained a Diploma in Public Administration from the National Institute of Public Administration (INTAN) in 1982 and a Masters in Microeconomics from University of Birmingham, United Kingdom in 1995.

Dato' Nik Rahmat first joined the Malaysian public service upon his graduation in 1981 as an Assessment Officer with the Inland Revenue Board (LHDN) and spent 16 years starting from 1983 in various Ministries; 6 years with the Malaysia Export Trade Centre (MEXPO now known as MATRADE) under the Ministry of International Trade and Industry (MITI); and 5 years each with the Ministry of Finance (MOF) and the Economic Planning Unit (EPU) where, as Principal Assistant Director, he was in charge of the Malaysia Technical Assistance Programme (MTCP) which provides technical assistance to developing countries.

In 2000, Dato' Nik Rahmat joined MITI as the Principal Assistant Director of the Strategic Planning Division. During his 17 years tenure with the MITI, he held various positions including Director of the Strategic Planning Division, Senior Director of the Trade Cooperation and Practices Division, Senior Director of the Sectoral Policy Division and Deputy Secretary General (Industry), a position he held from 2011 until his retirement in January 2018.

Dato' Nik Rahmat also served on the Board of several government agencies, namely Malaysia Productivity Corporation (MPC), East Coast Economic Regional Development Council (ECERDC), Perbadanan Kemajuan Negeri Pahang (PKNP), Majlis Standard dan Akraditasi Malaysia (MSDAM), Ministry of Science, Technology and Innovation (MOSTI), and was the Chairman of Malaysia Steel Institute (MSI) from 2014 to 2017.

Dato' Nik Rahmat attended all 9 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Yap Soo Har
Independent Non-Executive Director

Ms Yap Soo Har, a Malaysian, female, aged 66, was appointed to the Board on 1 December 2015. She is also the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.

Ms Yap graduated with a Bachelor of Social Science majoring in Political Science from Universiti Sains Malaysia, Penang in 1978. She further obtained a Diploma in Public Administration from the National Institute of Public Administration (INTAN) in 1983 and a Masters in Public Administration cum Certificate in International Tax Program from Harvard University, the United States of America in 2001.

Ms Yap first joined the Malaysian Civil Service in 1979 as an Assistant Director of the Public Complaints Bureau, Prime Minister's Department (JPM). She then joined the Administrative and Diplomatic Service (PTD) in 1984 and served more than 36 years in various other Ministries including the Ministry of Defence, the Ministry of Public Enterprise and the Ministry of Finance until her retirement in October 2015.

During her tenure in the Ministry of Finance from 1991 until 2015, she held various positions including Assistant Director in the Government Agencies and Companies Monitoring Unit, Assistant Secretary and Principal Assistant Secretary in the Revenue and Forecasting Unit, Principal Assistant Secretary in the Direct Tax Unit - Corporate Tax, Deputy Undersecretary in the Policy Division - Incentive Unit and the Services Unit and Deputy Undersecretary in the Policy, Incentives and Sector Division.

Her tenure in the Ministry of Finance provided her with exposure to corporate affairs and performance where, under the Government Agencies and Companies Monitoring Unit, her duty was to monitor and assess performance of Government owned companies, while her 21 years of service with the Tax Division gave her knowledge and experience in areas of forecasting revenue of the Federal Government, formulating national tax policies, planning and implementation of tax incentives as well as processing of applications for various tax incentives from the private sector.

Ms Yap also served on the Board of Lembaga Perindustrian Nanas Malaysia from 2013 to 2015 and Lembaga Air Perak from 2008 to 2012.

Ms Yap attended all 9 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Cheng Hui Ya, Serena
Non-Independent Non-Executive Director

Ms Cheng Hui Ya, Serena, a Malaysian, female, aged 35, was appointed to the Board on 23 November 2017. She is also a member of the Nomination Committee and Remuneration Committee of the Company.

Ms Serena obtained her Higher Diploma in Multimedia Design and Technology from Hong Kong Polytechnic University in 2010 and thereafter completed her internship with a marketing company in Taiwan.

Upon returning to Malaysia in 2011, she started her career in the property development industry with Sunsuria Development Sdn Bhd, a member of the Sunsuria Group which is now listed on the Main Market of Bursa Malaysia Securities Berhad, as a Sales & Marketing Executive carrying out sales and marketing including new projects launching, roadshows and fairs. This was followed by a stint in the Projects Department with exposure to and involvement in project planning and construction of the various developments undertaken by the Sunsuria Group.

Ms Serena joined the Lion Group Property Division in 2013 and is part of the team responsible for property development in Malaysia and Cambodia. Her current portfolio as General Manager - Projects since May 2018 involves dealing with property and construction, and building requirements.

Ms Serena is also an Executive Director of Lion Posim Berhad, a subsidiary of the Company, and Hy-Line Berhad.

Ms Serena is the daughter of Y. Bhg. Tan Sri Cheng Heng Jem who is a major shareholder of the Company, and her cousin, Y. Bhg. Tan Sri Cheng Yong Kim, is the Managing Director and a major shareholder of the Company.

Ms Serena attended all 9 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Save as disclosed above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interests with the Company; and (iv) any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial period.

PROFILE OF KEY SENIOR MANAGEMENT

Wong Pak Yii, William
Malaysian, male, 53 years of age

Mr Wong Pak Yii, William was appointed the General Manager - Marketing on 1 October 2007, responsible for the marketing of the Group's steel bars and wire rods. He was promoted as the Director, Commercial Division (Steel) in 2021.

Mr Wong graduated with a Bachelor of Business Administration (Honours) from the Kuala Lumpur Infrastructure University College and obtained his qualification in Corporate Administration from the Malaysian Institute of Chartered Secretaries and Administrators.

Mr Wong first joined the Lion Group in 1999 as an Assistant Manager - Sales (Bar) in the Marketing Department and has more than 25 years of experience in the marketing and distribution of building materials.

Lee Weng Lan
Malaysian, male, 65 years of age

Mr Lee Weng Lan was appointed on 22 September 2016 as the General Manager - Production of Steel Division – Long Products, responsible for the production and maintenance of the plant under Amsteel Mills Sdn Bhd. He was transferred to be in charge of the hot rolled coils under flat steel production of the Steel Division in 2021.

Mr Lee obtained a Diploma in Electrical from Institute Technology Negeri Ipoh in 1978.

Mr Lee first joined the Lion Group in 1980 as an Electronic Technician at the steel mill in Klang. From 1985 to 2012, Mr Lee held various positions within the Steel Division of the Lion Group which included Senior Engineering Executive for the Engineering Department in charge of 3 plants in Amalgamated Containers Berhad and later promoted to Assistant Manager – Press Shop Production in charge of the supply of all materials for container production, and Manager in charge of electrical project for installation and setting-up of the flat steel rolling mill. Mr Lee also participated in the Cold Rolling Mill Complex Project from carrying out feasibility study to plant set-up design.

In 1998, Mr Lee was transferred to be in charge of the Compact Strip Production Rolling Mill mechanical and electrical section in installation, testing and commissioning of the plant. In 2012, he was appointed the General Manager in charge of the Cold Rolling Mill production and co-ordination, and in 2014, the General Manager - Sourcing (Project) in the Group Purchasing Department.

Chong Won Hoong
Malaysian, male, 49 years of age

Mr Chong Won Hoong was appointed on 1 April 2016 as the Senior Manager - Process Improvement of the Steel Division - Long Products, responsible for the process improvement of the plant under Amsteel Mills Sdn Bhd.

Mr Chong obtained a Diploma in Materials Engineering from Tunku Abdul Rahman College in 1997.

Mr Chong first joined the Lion Group in 1997 as a Production Executive - Flat Product at the Steel Making Plant in Banting and assisted in the civil construction and machines installation for the Flat Product Project. In 2000, Mr Chong was appointed the Shift Superintendant and in 2003 promoted to Manager - Production in charge of production, mechanical and electrical of the Steel Making Plant. In 2013, Mr Chong was promoted as the Senior Manager - Production and from 2014 to 2016 was in charge of the Process Department - Flat Product before assuming his current position in the Long Products section.

Young Pey Feei
Malaysian, male, 62 years of age

Mr Young Pey Feei was appointed on 14 May 2012 as the Managing Director for the Property Division responsible for the Lion Group's property development in Malaysia.

Mr Young graduated with a Bachelor of Science (Hons) (Housing, Building and Planning) degree from the University of Science Malaysia and a Master of Business Administration from the University of Malaya.

Mr Young has more than 30 years of experience in property development. Prior to joining the Lion Group, he was the Senior General Manager - Property Development of Talam Corporation Bhd and the General Manager - Property Development of WCT Land Sdn Bhd.

Mr Young is a Director of Hy-Line Berhad and certain companies within the Lion Group which are involved in property development.

Poon Sow Har, Valerie
Malaysian, female, 57 years of age

Ms Poon Sow Har, Valerie was appointed the General Manager for the Lubricants, and Petroleum and Automotive Products Division on 1 October 2014. She is responsible for managing the Division, including the expansion of the businesses in both the domestic and export markets.

Ms Valerie Poon obtained her professional qualification from the Chartered Institute of Management Accountants in 1984.

Ms Valerie Poon joined the Lion Group in 1988 and had served in the Corporate Head Office as well as the Retail, Properties, Motor, Trading and Building Materials Divisions of the Lion Group before assuming her current position.

Cheah Chee Ngen
Malaysian, male, 59 years of age

Mr Cheah Chee Ngen was appointed on 1 August 2018 as the Executive Director responsible for the Building Materials and Steel Products Division.

Mr Cheah obtained his Diploma in Civil Engineering from the Federal Institute of Technology, Kuala Lumpur in 1985.

Mr Cheah started his career as a site supervisor cum clerk of works in Greatwall Construction Sdn Bhd from 1986 to 1988 and later as a credit officer with KCB Finance Berhad (now a part of the Hong Leong Bank Berhad Group). In 1991, he joined Ipmuda Berhad as a Sales Representative and by 1994 he was promoted as the Sales Manager. In September 2000, he assumed the position of General Manager - Sales in charge of the general building material trading in the Central region. From 2008 to 2018, he was a Director - Sales & Marketing of Ipmuda Berhad overseeing the overall sales and marketing of the various products range of the group, new product development as well as creating new agency lines to complement the group's existing wide range of products. His last position held in Ipmuda Berhad before he left was Senior Vice President of Nationwide Sales and Marketing responsible for the overall trading operations of the entire group which included the Central, Northern, Southern regions as well as East Coast and East Malaysia.

Cheong Chee Kheong, Tony
Malaysian, male, 54 years of age

Mr Cheong Chee Kheong, Tony was appointed the General Manager for the Building Materials and Steel Products Division on 1 July 2017. He is in charge of and is responsible for the sales and marketing of the trading operation in the Building Materials and Steel Products Division in Malaysia.

After completing his tertiary education, Mr Tony Cheong first started his sales career marketing paper products. In the span of the 32 years of his career in sales and marketing, he had assumed the position of Sales Promoter, Assistant Manager, Sales Manager, Product Manager and Company Manager promoting various other products including building materials and industrial filtration products locally and to the international market.

Mr Tony Cheong first joined the Posim Group - Building Materials Division in 2002 as a Retail Manager and was promoted to Assistant General Manager in 2012, a position he held until his current appointment as General Manager.

None of the Key Senior Management has (i) any directorship in public companies and listed issuers; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interests with the Company; and (iv) any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial period.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the 18-month financial period ended 31 December 2021. This CG Overview Statement is prepared pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") in its implementation of CG practices by the Company and its subsidiaries to promote a holistic adoption of CG practices and culture within the Group in the best efforts while ensuring compliance with the Listing Requirements and the Companies Act 2016 ("CA 2016") in addition to monitoring developments in industry practice and other relevant regulations.

The CG Overview Statement provides a summary of the Company's CG practices during the financial period, with reference to the following 3 principles, intended outcomes and practices of the MCCG, having considered the Company's structure, processes, business environment and industry practices:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Overview Statement should be read together with the CG Report, which is available on the Company's website at www.lion.com.my/lionind. It should also be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control, the Audit Committee Report and the Sustainability Statement.

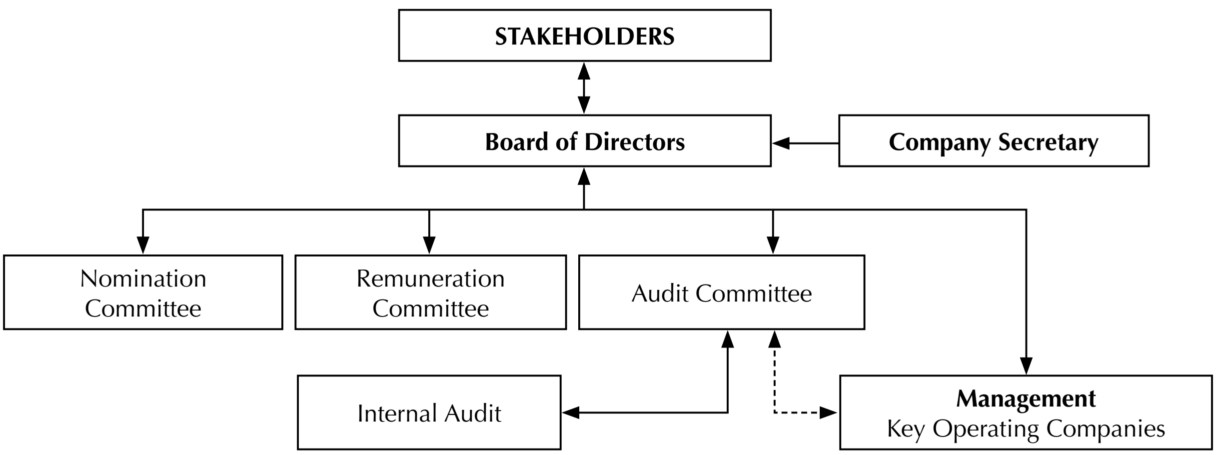
In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG apart from the practices prescribed for Large Companies as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial period under review except for the following practices:

- Practice 1.4 : The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 5.10 : Company's policy on gender diversity for the board and senior management.
- Practice 8.2 : Disclosure on a named basis, the remuneration of top 5 senior management.

A detailed explanation of how the Company has applied each CG practice as set out in the MCCG, taking into consideration the specific circumstances affecting the Group, including alternative measures taken to achieve the intended outcomes and the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial period ended 31 December 2021.

CORPORATE GOVERNANCE FRAMEWORK

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



BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Responsibilities for Leadership and Meeting Objectives and Goals

The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals, delivering sustainable value and realising long-term shareholders value. The Board is primarily responsible for overseeing the implementation of strategies and plans by the Management, promoting good corporate governance culture and the governance of sustainability within the Group, overseeing the conduct of the Group's businesses, monitoring and evaluating the implementation of appropriate systems and framework to identify, analyse, manage and monitor principal risks, reviewing the adequacy and integrity of the Group's system of internal control, and ensuring effective communications with stakeholders.

The Chairman is primarily responsible for ensuring Board effectiveness and leading the Board in its collective oversight of management whereas the Managing Director ("MD") is responsible for day-to-day management of the Group's businesses and operations including the implementation of business plans, strategies and policies. The distinct and separate roles of the Chairman and MD with clear division of responsibilities are set out in the Company's Board Charter. The positions of Chairman and MD are held by 2 individuals.

The Board acknowledges the requirement of MCCG that the Chairman of the board should not be a member of the Audit Committee, the Nomination Committee or the Remuneration Committee in order to foster greater objectivity in the boardroom. Although the Chairman of the Board is also the Chairman of the Nomination Committee and a member of the Audit Committee, the Board is of the view that with his professional qualifications and sound knowledge in financial reporting and management accounting coupled with the experiences he has accumulated over 40 years in various sectors, the Chairman is able to contribute his professional advices to the strategies and operations of the Company in meeting its objectives. As a senior Independent Director, he is able to bring with him by the quality of impartiality, maintains his neutrality and continues to be an effective conduit for other independent Directors to voice their concerns in the Company's decision-making.

The Company Secretaries who have the requisite credentials and qualifications are available and provide support to the Board and Board Committees in ensuring that all of their meetings as well as general meetings are properly convened in accordance with applicable rules and procedures and that the records of the proceedings and resolutions are properly maintained. The Company Secretaries also facilitate the communication of decisions made by the Board and Board Committees to the relevant Management for appropriate actions.

The Directors also have access to the Company Secretaries for advice on their duties and obligations under the CA 2016 and updates on corporate governance matters, statutory and regulatory requirements, and other relevant legislations in addition to administrative matters.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

The Board, as a whole and its members in their individual capacities, have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the matters to be deliberated upon. Senior Management of the Group are also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

Besides direct interactions with the Management, external independent professional advisers are also made available at the Company's expense to render their independent views and advice to the Board whenever deemed necessary and under appropriate circumstances or at the request of the Board.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial period, 9 Board Meetings were held.

Demarcation of Responsibilities between Board, Board Committees, Individual Directors and Management

As part of the corporate governance process, the Board has formalised and adopted the Board Charter which clearly sets out the composition, roles, responsibilities, powers and processes of the Board, and matters reserved for decision of the Board. In facilitating the discharge of duties by the Board, the Board Charter provides for delegation of responsibilities by the Board to Board Committees via approved Terms of Reference of each Board Committee and the reporting obligations by the Board Committees. The Board Charter sets out responsibilities of the Board to ensure effective interactions between the Management and the Board. The Board Charter also serves as reference criteria for the Board in the assessment of its own performance, individual Directors and the Board Committees. Ultimately, the Board Charter reinforces the overall accountability of both the Board and the Management towards the Company and the stakeholders.

The Board Charter is subject to review by the Board at least once in every 3 years or as and when the need arises and in tandem with any new or revision of relevant statutory and regulatory requirements impacting the responsibilities and discharge of duties by the Board. The Company's Board Charter is available on the Company's website for reference.

In assisting the Board to discharge its oversight functions, the Board delegates certain responsibilities to 3 committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The Terms of Reference which regulate the affairs and conduct of these Committees spell out their composition, responsibilities, authorities and duties. The respective Committees report to the Board on matters considered and their recommendations thereon. The Board may also form other committees delegated with specific authorities to act on its behalf whenever required. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Terms of Reference of the respective Committees are available on the Company's website for reference.

The Board delegates to the MD, the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD may delegate aspects of his authority and powers but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units and operations.

Commitment to Good Business Conduct and Healthy Corporate Culture

The Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at www.ssm.com.my, the provisions of the CA 2016, and the principles of the MCCG.

The Group has in place, a Code of Business Ethics and Conduct ("CoBEC") which covers the ethical values and principles of the Group and provides guidance on acceptable behaviour to all Directors and employees of the Group in operating and managing the Group's businesses and affairs. The CoBEC is further supported by other policies which include the Whistleblower Policy, Competition Policy, Sexual Harassment Policy, Sustainability Policy & Framework, Procurement Framework, Integrity & Fraud Risk Policy and Personal Data Protection Framework of the Group.

The Group has an Anti-Bribery and Corruption Policy ("ABC Policy") which reflects the Group's stand of zero tolerance against all forms of bribery and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The key policies are available on the Company's website under the section "Governance".

The emergence of COVID-19 pandemic in early 2020 had a far-reaching impact to all businesses globally, including those of the Group. In order for the Board to effectively monitor the Group's risk management, the Board assessed the initiatives and action steps taken by Management in responding to the COVID-19 pandemic and other arising challenges, to ensure continuous sustainability of the Group's operations whilst constantly fostering a safe working environment for the employees.

Management re-evaluated and where appropriate, adapted existing processes due to the impact of the movement control orders on the business operations and restructured the operations arrangements for manufacturing teams due to the travel restrictions to ensure business continuity while strictly enforcing Standard Operating Procedures ("SOPs") to mitigate COVID-19 effects. For the office-based staff, the workforce transitioned to working from home on a staggered schedule.

With a new working landscape (due to the SOPs), the Group placed emphasis on the mental health of its employees, in addition to physical safety. The Board was regularly briefed on Management's plans and actions with regard to the wellbeing of employees while also ensuring their productivity despite various operational restrictions. The Board was fully supportive of Management's actions and continues to monitor the progress. Learnings from such initiatives have been shared and improvements have been made where appropriate to enhance flexibility in working processes, thereby reinforcing the Company's commitment to the health and safety of the employees.

As a response to the new normal, the Annual General Meeting and the Extraordinary General Meeting of the Company held during the financial period were conducted virtually, paving the way for the increased use of technology in facilitating communication, meaningful engagement between the Board, Senior Management and the Shareholders whilst ensuring the safety of Shareholders, the Board and employees.

Commitment to Address Sustainability Risks and Opportunities in an Integrated and Strategic Manner

The Board shoulders the responsibility of catalysing economic growth by empowering businesses, and serving in the best interests of the employees, customers, suppliers, community and society at large, while continuously committed to understanding and implementing sustainable practices to achieve the right balance between the objectives of the Shareholders, attaining economic success, protecting the environment and fulfilling ethical obligations to other stakeholders and the wider community (in which the Group has a presence).

Full details of the Group's commitment to the sustainability in the aspects of Economic, Environment and Social ("EES") are found in the Sustainability Statement on pages 51 to 57 of this Annual Report.

II. BOARD COMPOSITION

Objectivity in Board Decision-Making

The objectivity in decision-making by the Board is driven by its composition, role of independent non-executive directors and competencies of its members. Currently, the Board comprises 5 Directors, 4 of whom are non-executive. Represented on the Board are 3 independent non-executive Directors, effectively constituting more than half of the Board and whose presence and participation provide independent advice, views and judgement to bear on the decision-making process of the Group in ensuring that a balanced and unbiased deliberation process is in place to safeguard the interests of all stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

In accordance with the Company's Constitution, 1/3 of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every 3 years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial period are subject to re-election by the Shareholders at the next annual general meeting following their appointment.

The MCCG provides that the tenure of an independent Director shall not exceed a cumulative term of 9 years. Upon completion of the 9 years, an independent Director may continue to serve on the Board as a non-independent Director. In the event such Director is to be retained as an independent Director beyond 9 years, the Board must provide justification and obtain Shareholders' approval.

The Nomination Committee is responsible for recommending to the Board the re-election of Directors and the retention of the independent Directors whose tenure of service will exceed 9 years or have exceeded 9 years. The Board, assisted by the Nomination Committee, assesses the independence of the independent Directors and tenure of each Director on an annual basis. In addition, the independent Directors affirm their independence annually to the Board.

In optimising the collective leadership by the Board in providing clear direction and opportunities for the Group, the Board, in its appointments and composition, pays due recognition to the mix of competencies, expected contributions and diversity representation of the Board. The Board, from time to time, undertakes a review of the merit of the appointment criteria in the context of the Group's businesses and strategies for appropriateness.

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates to be appointed to the Board and Board Committees.

As an enhancement to its process of sourcing suitable candidates for the Board, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the broad Fit & Proper and Independence Criteria as set out in the Board Charter and the following:

- Competencies – qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements;
- Expected contributions – appointment scope, role, commitment level, professionalism and integrity; and
- Diversity representation – appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background.

While recognising the importance of providing fair and equal opportunities for appointment of Board and Senior Management, the Board is supportive of the Government's target of having at least 30% women participation on boards of public listed companies in Malaysia and has applied the recommendation of the MCCG. The Board currently has 2 women Directors.

The process and criteria to identify and nominate candidates for appointment as a Director, re-election and re-appointment of existing Directors, and retention of independent Directors are set out in the Board Charter.

A brief description of each Director's background is presented in the respective profile under Directors' Profile on pages 7 to 9 of this Annual Report.

The Nomination Committee comprises 3 members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by an independent Director. The composition and the Terms of Reference of the Nomination Committee are presented on pages 37 and 38 of this Annual Report and are available on the Company's website for reference.

Effectiveness of the Board and Individual Directors

The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as individual Directors based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

In the evaluation of the performance of the Board for the financial period, the Directors were also assessed on their commitment in ensuring that EES risks and opportunities as well as stakeholders engagement were considered in the organisation's vision and strategy and that the organisation's sustainability initiatives were communicated to its internal and external stakeholders.

The assessment criteria for review of performance and effectiveness of the Board, Board Committees and individual Directors are set out in the Board Charter.

<u>Time Commitment</u>

A Director shall notify the Chairman of the Board of his/her acceptance of any new directorship in public listed companies. In any event, the maximum number of appointments in public listed companies shall be limited to 5 or any other number as set out in the Listing Requirements.

The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Company.

Directors' Training

All Directors are encouraged to attend relevant external professional programmes as necessary to keep abreast of issues facing the changing business environment within which the Group operates by engaging in continuous professional development and where appropriate, on financial literacy.

The Board, on a continuing basis, evaluates and determines the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and to effectively discharge their duties and roles including understanding financial statements and are able to form a view on information presented.

The Board in ensuring that it is equipped and ready to execute its role, should identify its professional development needs concerning sustainability to address the same.

The Directors are kept up-to-date with market developments and related issues through Board discussion meetings with Management. In addition, the Company may arrange site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

Newly appointed Directors are required to attend a familiarisation programme. This includes meeting key senior management to be briefed on the core businesses and operations of the Group. It also serves as a platform to establish effective channel of communication and interaction with Management.

During the financial period, the Directors had attended the following seminars, forums, dialogues, workshop, webinars, virtual roundtable and training programmes ("Programmes") on topics in relation to corporate governance; business opportunities, investment and prospects in various industries and countries; risk management and internal controls; economic and regional issues; entrepreneurship and leadership; statutory and regulatory updates and requirements; financial and accounting knowledge and updates; sustainability covering community, environment, marketplace and workplace; fraud, corruption, corporate liability and cybersecurity risks; technology and innovation; and COVID-19 impacts and developments:

Name of Directors	**Programme**
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	• Transparency International Malaysia – Forum on "Corporate Liability: Are You At Risk?" • Malaysian Alliance of Corporate Directors in collaboration with SpeakRight Consultancy Sdn Bhd – Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E. • Malaysian Institute of Management – "2nd Crucial Conversation – Corporate Liability: S17A of the MACC Act – The Ultimate "Vaccine" for Corruption in Private Sector" • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – Good Practices for Audit Committees in Supporting Audit Quality
Tan Sri Cheng Yong Kim	• Bursa Malaysia – Fraud Risk Management Workshop • Federation of Malaysian Manufacturers – Awareness Training on ISO 37001:2016 Anti-Corruption Management Systems • NTUC Fairprice Co-operative Limited, Singapore – Global Summit 2021 • Khazanah Megatrends Forum 2021 – The Invention of Tomorrow: Crafting Our New Collective Narrative
Dato' Nik Rahmat bin Nik Taib	• Transparency International Malaysia – Forum on "Corporate Liability: Are You At Risk?"

Name of Directors	Programme
Yap Soo Har	• Bursa Malaysia – Fraud Risk Management Workshop • KPMG Webinar Series – Audit Committee Institute Virtual Roundtable 2020 - "ESG perspective: Managing Recovery and Resilience" • KPMG Malaysia – Asia-Pacific Board Leadership Centre Webinar on "Board and Audit Committee Priorities 2021" • Malaysian Alliance of Corporate Directors in collaboration with SpeakRight Consultancy Sdn Bhd – Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E. • Malaysian Institute of Management – "2nd Crucial Conversation - Corporate Liability: S17A of the MACC Act - The Ultimate "Vaccine" for Corruption in Private Sector" • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – Good Practices for Audit Committees in Supporting Audit Quality
Cheng Hui Ya, Serena	• KPMG Malaysia – Asia-Pacific Board Leadership Centre Webinar on "Board and Audit Committee Priorities 2021" • Malaysian Alliance of Corporate Directors in collaboration with SpeakRight Consultancy Sdn Bhd – Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E. • Malaysian Institute of Management – "2nd Crucial Conversation - Corporate Liability: S17A of the MACC Act - The Ultimate "Vaccine" for Corruption in Private Sector" • Federation of Public Listed Companies Bhd (FPLC) and PKF Malaysia – Budget 2022 Webinar

The Directors are also updated and apprised on a continuing basis by the Company Secretaries on new and/or revised regulatory and statutory requirements (''Continuing Updates'').

The Board, after having undertaken an assessment, viewed that the Directors, having attended the Programmes as well as having been updated with market developments and related issues, and apprised with the Continuing Updates, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and roles as a Director.

III. REMUNERATION

Level and Composition of Remuneration that Attract and Retain Talents

The Company has a formal remuneration policy for the Board of Directors and Senior Management respectively to ensure that it attracts, retains and motivates experienced, well qualified and high calibre Directors and Senior Management to manage the Company's and the Group's businesses and operations effectively. Directors do not participate in decisions regarding their own remuneration. The Board continued to apply the criteria set for determining the remuneration packages of executive Directors whilst the recommendation made by the Board on the non-executive Directors' fees for approval by Shareholders at the Company's annual general meeting was reflective of the market competitiveness and responsibilities undertaken by the Directors.

The Board delegates the oversight of the remuneration of the MD to the Remuneration Committee. The composition and the Terms of Reference of the Remuneration Committee are presented on page 39 of this Annual Report and are available on the Company's website for reference.

Remuneration Factoring in Individual and Company's Performance

Details of the remuneration paid or payable to all Directors of the Company for the financial period ended 31 December 2021 are as follows:

The Group

	Fees RM'000	Meeting Allowance RM'000	Salaries & Bonuses[2] RM'000	Benefits-In-kind RM'000	Total RM'000
Executive Director					
Tan Sri Cheng Yong Kim	53	9	1,568	166	1,796
Non-executive Directors					
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	128	21	–	–	149
Dato' Kamaruddin @ Abas bin Nordin[1]	43	9	–	–	52
Dato' Nik Rahmat bin Nik Taib	82	18	–	–	100
Yap Soo Har	90	21	–	–	111
Cheng Hui Ya, Serena	83	16	141	31	271
	479	94	1,709	197	2,479

The Company

	Fees RM'000	Meeting Allowance RM'000	Salaries & Bonuses[2] RM'000	Benefits-In-kind RM'000	Total RM'000
Executive Director					
Tan Sri Cheng Yong Kim	53	9	1,568	166	1,796
Non-executive Directors					
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	128	21	–	–	149
Dato' Kamaruddin @ Abas bin Nordin[1]	43	9	–	–	52
Dato' Nik Rahmat bin Nik Taib	82	18	–	–	100
Yap Soo Har	90	21	–	–	111
Cheng Hui Ya, Serena	53	10	–	–	63
	449	88	1,568	166	2,271

Notes:

(1) Passed away on 14 April 2021.
(2) The salaries are inclusive of employer's provident fund.

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Effective and Independent Audit Committee

The Board affirms its responsibility for the presentation of a balanced and clear assessment of the Group's position, financial performance and future prospects to the Company's stakeholders through the annual financial statements, quarterly financial reports and corporate announcements which are in accordance with the Listing Requirements.

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the quarterly financial results and the annual audited financial statements of the Group and of the Company, including timely and quality disclosure through appropriate corporate disclosure policies and procedures adopted.

The Audit Committee comprises 3 members, all of whom are independent Directors and financially literate. The Chairman of the Audit Committee is elected among the members of the Committee who is not the Chairman of the Board. The Terms of Reference and the main works undertaken by the Audit Committee for the financial period under review are set out in the Audit Committee Report on pages 31 to 36 of this Annual Report.

The Board has established a formal and transparent relationship with the External Auditors through the Audit Committee. The Audit Committee evaluates the performance and assesses the suitability, objectivity and independence of the External Auditors taking into consideration information presented in the External Auditors' Annual Transparency Report and based on the policies and procedures which are in place. The Audit Committee also recommends the re-appointment of the External Auditors and their remuneration to the Board. The re-appointment of the External Auditors is subject to the approval of Shareholders at the annual general meeting whilst their remuneration is determined by the Board.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Informed Decisions on Level of Risks and Implementation of Controls in Pursuit of Objectives

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

The Board fulfils its oversight function of risk management and internal control system via the Audit Committee. An approved Enterprise Risk Management ("ERM") Framework which was developed based on ISO31000 is in place and provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools. The Management of key operating companies adopt and apply the prescribed methodologies to identify, evaluate, treat, control, track and report the Strategic, Business, Financial and Operational Risks based on the risk appetite set. In addition to the ERM Framework, the Group has in place an approved Compliance Framework which defines the roles and responsibilities to manage compliance risks via the establishment of internal policies, procedures and related framework. It dictates the spheres of compliance governance and promotes effective compliance mechanism in accordance with applicable laws, regulations, rulings, directives and guidelines.

The Internal Audit Function assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework and provide confirmation of the effectiveness of internal control and risk assessment process by the respective Head of Key Operating Companies ("KOC") and Head of accounts and finance of the KOC (on financial related matters) with the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

An overview of the Board's responsibility, the state and descriptions of the key components of the Group's system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management are set out in the Statement on Risk Management and Internal Control on pages 23 to 30 of this Annual Report.

Effectiveness of Governance, Risk Management and Internal Control System

The Board has established an Internal Audit Function within the Group to provide assurance on the effectiveness of risk, control, anti-corruption, whistle-blowing and governance processes. Oversight of the Internal Audit Function is delegated to the Audit Committee to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently. The Internal Audit Function is led by the Group Chief Internal Auditor who reports directly to the Audit Committee. The Internal Auditors attend all meetings of the Audit Committee. The Audit Committee's review of the scope of work, budget, reports by the Internal Audit Function and the detailed description of the Internal Audit Function are provided in the Audit Committee Report on pages 35 and 36 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on pages 25 and 26 in the Statement on Risk Management and Internal Control and pages 35 and 36 in the Audit Committee Report of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Continuous Communication between the Company and Stakeholders to Facilitate Mutual Understanding of Objectives and Expectations

The Board acknowledges the importance of timely and equal dissemination of material information to the Shareholders, investors and public at large. The Board ensures its adherence to and compliance with the disclosure requirements of the Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Malaysia Berhad.

The Company's Shareholders and members of the public may gain access to any latest corporate information of the Company on its website at www.lion.com.my/lionind which is linked to the announcements published on the website of Bursa Securities at www.bursamalaysia.com. The Company's website also provides easy access to the Company's Board Charter, Terms of Reference of Board Committees, key policies and annual reports.

The Group also values dialogues with institutional investors, fund managers and analysts. The Group has been practising open discussions with investors/fund managers/analysts upon request through meetings, teleconferencing and emails. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the MD.

II. CONDUCT OF GENERAL MEETINGS

Participation by Shareholders and Informed Voting Decisions

The Board has oversight over the implementation and maintenance of the required effective communications and engagements with Shareholders.

The annual general meetings and other meetings of Shareholders are the principal forum for dialogue with Shareholders. The Company has leveraged technology to facilitate remote participation at general meetings and remote voting by Shareholders. The Remote Participation and Voting facilities provided by a third party Poll Administrator also allow Shareholders to pose questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's financial and non-financial performance, long-term strategies, businesses and affairs. The Shareholders may also pose questions prior to the meetings via email. The Chairman, the Board members, Senior Management as well as the External Auditors are in attendance at the meetings to respond to Shareholders' queries. The Chairman also shares with the Shareholders, the Company's responses to questions submitted in advance of the annual general meetings by the Minority Shareholders Watch Group and ensures that meaningful responses are provided to relevant questions posed by the Shareholders. Minutes of the general meetings of the Company are made available on the Company's website within 30 business days after the meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard the interests of stakeholders (including shareholders' investments) and the Group's assets. The Board is pleased to present the Statement on Risk Management and Internal Control of the Group (excluding joint venture and associated companies, as the Board does not have full management control over their operations) which was prepared with reference to the applicable statutory requirements and regulatory guidelines including:

- Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers;
- Corporate Disclosure Guide and Corporate Governance Guide; and
- Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Board Responsibility

The Board affirms its overall responsibility for the Group's internal control system and for reviewing the adequacy and effectiveness of this system which covers governance, enterprise risk management, financial, strategy, organisational, operational, regulatory and compliance controls. However, in view of the inherent limitations in any system, such system of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board delegates the oversight of internal control and risk management to the Audit Committee ("AC"). The AC deliberated at its meetings, the adequacy and effectiveness of internal controls based on the findings and outcome of the audits which were conducted and reported by the Group Internal Audit ("GIA") during the financial period. The reports by the GIA described the issues discovered during the audits and actions taken by Management in addressing them. The Chairman of the AC thereafter briefed the Board members of the proceedings of the AC meetings including highlighting any material matters on internal control or risk management that warranted the Board's attention. Minutes of the AC meetings which recorded these deliberations were also presented to the Board for notation.

Key Components of Internal Control System

The Group's key components of internal control system are as follows:

1. **Integrity and Ethical Values**

    - A Code of Business Ethics and Conduct ("CoBEC") which sets out the principles to guide employees' conduct to the highest standards of personal and corporate integrity. The CoBEC covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, acceptance of gifts and business courtesies, prohibition of kickbacks as well as provisions which cover personal data protection, competition, anti-money laundering and anti-terrorism financing. The CoBEC is published on the Company's website at www.lion.com.my/lionind.

    - A groupwide integrity framework that accentuates the Group's commitment to uphold integrity in all manner of conduct by its employees at all times in their interaction with various stakeholders, both internal and external. This framework includes Integrity & Fraud Risk Policy which interphases with many of the existing policies adopted within the Group and also addresses fraud reporting and investigation.

    - An Anti-Bribery and Corruption Policy ("ABC Policy") which reflects the Group's stand of zero tolerance against all forms of bribery, fraud and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

- Following the implementation of a corporate liability provision under Section 17A of the MACC Act 2009 effective 1 June 2020 which imposes corporate liability on companies for the corrupt practices of its employees and/or any person associated with the companies in cases where such corrupt practices are carried out for the companies' benefit or advantage, the Group had conducted a series of trainings and workshops to brief employees on the adequate procedures (as per guidelines issued under MACC Act 2009) that had been put in place and to equip them with the required understanding of their duties, responsibilities and obligations under this section. The Board and the Management will continue to strengthen the adequate procedures to prevent acts of corruption related to the organisation.

2. Authority and Responsibility

- The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders value. The Group's business strategic directions are also reflected in the respective key operating companies' ("KOCs") Corporate Performance Scorecard ("CPS") which are reviewed half-yearly. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, setting policies, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Group's system of internal control. The Board is also responsible in ensuring financial integrity, setting the Group's risk appetite, reviewing and approving material transactions, related party transactions, capital financing and succession planning, and overseeing the implementation of stakeholder communication.

- The Board delegates to the Managing Director ("MD"), the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD may delegate aspects of his authorities and powers but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units and operations. Delegation of responsibilities and accountability by the MD further down the structure of the Group is communicated and formalised via respective operational structure and organisational chart as well as the authority matrix.

- Board Committees which are guided by respective Terms of Reference were set up to fulfil certain responsibilities delegated by the Board. These Committees assist the Board in promoting governance and accountability as well as overseeing internal controls, Board effectiveness, and nomination and remuneration of Directors and key positions:

  - Audit Committee
  - Nomination Committee
  - Remuneration Committee

- The Management of each operating company is responsible and accountable to the Senior Management, MD and the Board for implementing the frameworks, policies and procedures on risk and internal control as approved or directed by the Board.

3. Organisation Structure

- An operational structure and organisational chart which defines the lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability.

- The authority matrix outlines the decision areas and the persons empowered to requisite, authorise and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.

4. Frameworks, Policies and Procedures

- A set of Group level internal policies and procedures which is maintained centrally and accessible to employees via the intranet. The policies and procedures at both Group level and business or operational level are regularly reviewed for updates to resolve operational deficiencies and to meet new compliance requirements. Enhancement efforts to streamline local policies, guidelines or procedures at business or operational level to key Group Policies and Procedures are continuing.

- A Group Procurement Framework which provides a fairly standardised, uniform and consistent set of controls by promoting accountability, ownership and transparency. This increases the ability of the Group to develop a pool of reliable and competent vendors through proper governance, selection of appropriate procurement method and vendor management.

- A Group Personal Data Protection Framework which provides guidelines on implementation of controls in business and operations processes in meeting the requirements of data protection principles of Personal Data Protection Act 2010.

- Other key policies such as Competition Policy and Sexual Harassment Policy which complement the Group's CoBEC and ABC Policy. These policies direct the employees to behave ethically and professionally in ensuring compliance with relevant laws and creation of a conducive working environment.

- A Group Sustainability Framework which provides the roadmap to enhance Governance and the management of the material Economic, Environmental and Social risks and opportunities as well as stakeholders engagement. It features the four pillars of Sustainability namely, Environment, Workplace, Community and Marketplace.

5. Planning, Monitoring and Reporting

- An annual exercise involving all business units to prepare a comprehensive budget and business plan which includes development of business strategies and the establishment of key performance indicators against which the overall performance of the companies within the Group can be measured and evaluated.

- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the AC.

6. Internal Audit

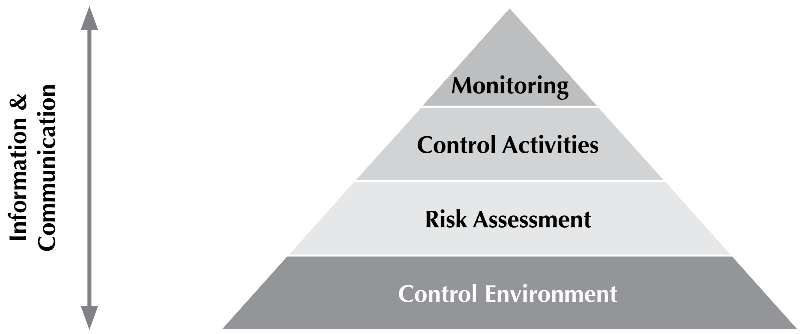
- Internal Audit Charter that is approved by the AC articulates the purpose, responsibility and authority of the GIA function as well as the nature of assurance activities provided by the function.

- Annual Audit Plan that is approved by the AC provides a basis for audit engagements which also considers feedback from the Management. The GIA adopts a risk based audit approach, assesses the selected areas under the audit scope with regard to risk exposures, compliance towards the approved policies and procedures and relevant laws and regulations and where appropriate, benchmarks against best practices in respective industry.

- Review of business processes and system of internal control and risk management by the GIA which submits its reports to the AC on a quarterly basis. The GIA also established follow-up review to monitor and to ensure that the recommendations of internal audit are effectively implemented.

- Confirmation of the effectiveness of internal control and risk assessment process by the respective Head of KOC and Head of accounts and finance of the KOC (on financial related matters) with the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

- The GIA assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework. The following 5 inter-related COSO components are considered during the assessment:



7. Risk Management

- The Group has in place a risk management framework, Enterprise Risk Management ("ERM") Framework that is modelled after the widely adopted standard ISO31000 Risk Management – Principles and Guidelines to guide the implementation of a consistent risk management practice across the Group by both the Board and the Management. It recognises that risks are inherent in businesses and views them within the context of risk as an opportunity, uncertainty or hazard.

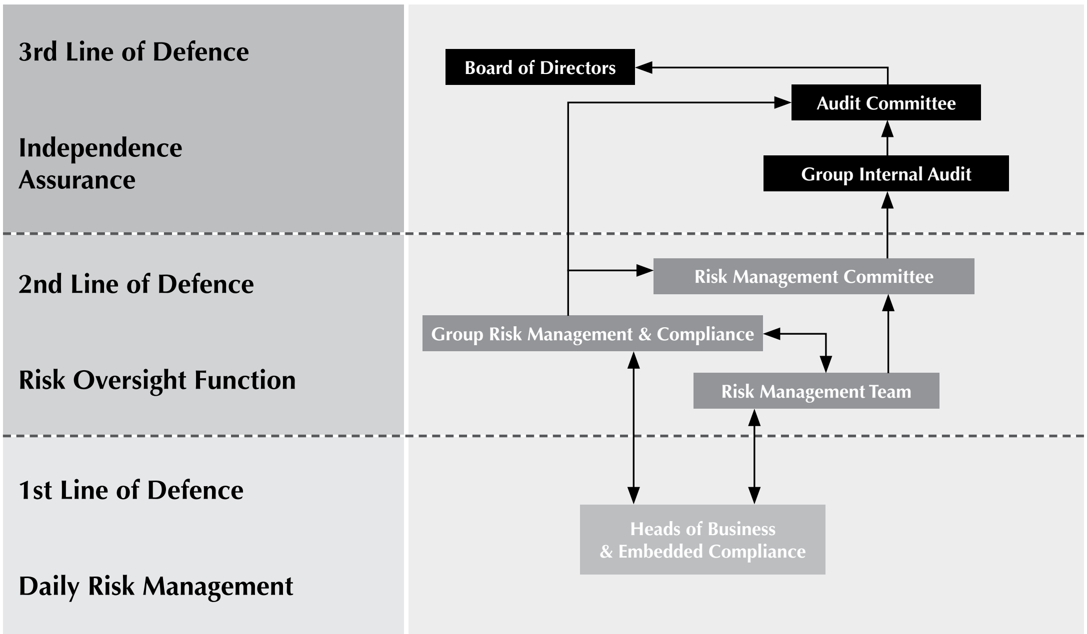
- The ERM Framework provides guidelines on the risk governance, risk management process, risk reporting and generic tools to be used by the Group. The design of the risk governance structure therein is premised on 3 lines of defence concept with clear functional responsibilities and accountabilities for the management of risk:

  – The first line of defence under the framework is found at the KOCs level where the Head of each KOC assumes the overall accountability for the respective KOC's risk management implementation. Each KOC's Heads of department would provide support to the Head of KOC and supervision of risk management practices in key processes under their respective areas of responsibilities. The Heads of KOC, in their half-yearly updates and reporting of respective CPS and Corporate Risk Scorecard ("CRS"), provided confirmation that the risk management process with regard to identification of material issues together with relevant controls and management actions have been adequately complied with.

  – The second line of defence provides oversight function via the establishment and roles vested in the KOC's Risk Management Team ("RMT") and Risk Management Committee ("RMC") both of which are supported by the Group Risk Management and Compliance ("GRC") department. The RMTs establish their strategy roadmap for every financial year via the CPS and identified, analysed and reported risks to the RMC and AC via the CRS. The GRC provides the reporting templates, updated tools, maintenance of Q-Radar system and facilitation or review of KOC's scorecards development or updates with KOCs' risk representatives. The RMC receives and reviews the scorecards reports from KOCs' together with the AC.

  – The third line of defence is realised through the provision of objective and independent challenge by GIA with regard to the level of assurance as provided by business operations and oversight functions. The Board, through the deliberations and recommendations of the AC, sets the overall risk appetite for the Group.

- The risk management organisational structure adopted by the Group is illustrated as follows:



- The Group employs a Risk Universe Listing to facilitate identification of risk across 4 risk themes which are Strategic, Business, Financial and Operational as shown in the illustration below:

RISK UNIVERSE

- Most KOCs of the Group have set risk tolerance ranges, either qualitative or semi-quantitative, for selected result areas via a self-defined risk impact severity table. Such table is referred to together with a risk matrix which provides measurement scales on possibility of risk occurrence and impact. The use of these tools facilitates the measurement of each risk analysed and evaluated at 3 different levels; Inherent, Nett and Target, thereby enabling the RMTs to focus more on the management of high risk areas in line with their risk tolerance.

8. Compliance Management

- Half-yearly Compliance Risk Self-Assessment (CRSA) exercises with mitigations identified to address breaches or material non-compliances.

- Joint review of existing operational practices and selected policies or procedures for possible and appropriate control enhancements. Such exercises may result in revision of relevant policies or procedures, new policies or procedures, introduction of control tools such as standard templates/forms and even development of special purpose automated process.

- A compliance programme reviewed by the AC on an annual basis addressing key compliance areas of statutory and regulatory requirements, codes and internal ethics/standards/policies and procedures. The results and status of the compliance programme were reported by the Compliance Function on a half-yearly basis to the Compliance Committee to monitor and address on-going changes and implementations in the legislative and regulatory requirements affecting the Group.

9. Safety, Health and Environment Management

- LICB Group has a Safety, Health and Environment ("SHE") Management System which is an integrated approach where all the 3 SHE factors are effectively managed to protect the safety and health of employees and the public as well as the environment from hazards associated with the workplace.

- Workplace safety and health involves implementing procedures for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances. It also includes training of personnel in accident prevention, accident response, emergency preparedness, and use of protective clothing and equipment.

- The environmental aspect involves complying with environmental regulations, such as managing waste or air emissions and reducing the company's carbon footprint.

- Under SHE, the Group's steel manufacturing operations have a Work Scope Control Procedure detailing all the Standard Operating Procedures ("SOPs") for each and every identified task deemed as hazardous or potentially hazardous. It also includes an Emergency Management Plan to minimize the impact of any emergency event on employees, the community and the environment by responding immediately and efficiently to protect lives and assets, and to ensure disaster recovery and business continuity.

- Regulatory requirements such as the Occupational Safety and Health Act (OSHA) play an important role in SHE management and require the company to implement and comply with all the necessary measures.

- With the ongoing challenges posed by the COVID-19 pandemic, the Group continues to ensure a safe and healthy workplace for all employees, on top of business continuity concerns. Workplace health and safety procedures and the SOPs from the National Security Council on preventive measures to reduce the chances of infection during an outbreak are in place and communicated to employees and business associates.

- At the Group level, there is an Issues Management and Communication Policy and process is established under the Corporate Communications Function to guide the handling of communications, internal and external, in the event of any issue/crisis/disaster.

10. Information and Communication Technology/Management Information System

- A quarterly IT Steering Committee meeting is held where all IT Managers from various operating companies meet. It is a platform which enables collaboration among the operating companies, sharing of experiences and consolidation of standard IT platforms.

- A set of Group IT Policies and Guidelines is in place to govern the operations of IT within the Group. Due to the diversity of businesses, each operating company has its own set of IT Policy adopting the standard Group IT Policy wherever possible and adding policies that are peculiar to the business they are in.

- The Group Human Resources Management System runs off a cloud infrastructure where a single system is used across the Lion Group of Companies. Cloud infrastructure is hosted offsite to protect the sensitivity of data and is supported by a hot Disaster Recovery site to enable quick recovery of data in the event of any unforeseen incident. An annual Disaster Recovery test is carried out to ensure service quality as per agreed service level agreement.

- As part of Lion Group's Cyber Security strategy to mitigate cyber security risks and threats, Group IT and Group Learning & Development have initiated Cyber-security Awareness Training to educate employees with the objective of safeguarding our businesses and employees.

11. Insurance

- An insurance programme to safeguard major assets against financial loss resulting from property damage, machinery breakdown, business interruption and general liability, which is reviewed annually.

- A yearly exercise to ensure the adequacy and renewal of the Group's Directors' and Officers' Liability insurance.

12. Whistle-Blowing

- A Whistleblower Policy which provides the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Group to address such concerns that may adversely affect the reputation and interests of the Group more effectively.

- The oversight by the Board and its engagement with the Management in the handling of reported wrongdoings are also set out in the Integrity & Fraud Risk Policy.

Risk Management Process

The KOCs' CPS which are prepared every financial year are updated on a half-yearly basis to provide a clear and proper context within which performance-related risks are to be identified, analysed and managed in line with the respective KOCs' strategic direction and business objectives. Key Performance Indicators ("KPI") were assigned to these objectives and their performance were tracked by the KPI owners under the supervision of the Heads of the KOCs.

In establishing a bottom-up reporting of the risk profile of the KOCs, the RMT in the respective KOCs identified possible and actual risks faced by the KOC together with an analysis of the causes, impact and mitigating actions.

The risk owners were responsible to ensure preventative, detective and corrective controls were in place to address these risks. Gaps in controls and continual improvements were implemented through management action plans. This process was executed by the RMTs and documented in the CRS.

The GRC conducted review of the risk profiles, either focusing on specific risk issues or the completeness of the risk assessment process for selected risk profiles. The results of the review were communicated to the administrators of risk scorecards and/or Heads of KOCs for improvement and implementation.

The CPS and CRS were presented by the RMT and RMC to the AC on a half-yearly basis for review on the status of the performance objectives and management action plans implementation. These reviews may result in identification of new risks or re-assessment of reported risks. The AC reviewed significant risks, if any, across the risk themes and guided the KOCs on further mitigations, where required.

The Heads of the KOCs, at the half-yearly reporting, had confirmed that the respective KOC's RMT had reviewed and updated the CPS and CRS with the status of all related material information, controls and management actions and that the risk management process had been complied with and information provided therein fairly reflected the position of the KOC for the period under review.

In all material transactions such as acquisitions and disposals of assets or business and corporate proposals, risks associated with such transactions as analysed by the project team and RMC are presented to the AC and Board for their deliberation and decision making. The AC will review the proposals together with the risks associated therewith after which the Board may approve, decline or modify the proposals in line with the Group's risk appetite and the Group's strategic and business directions.

Conclusion

The Board is satisfied with the adequacy and effectiveness of the system of risk management and internal control in place throughout the Group for the year under review, and up to the date of approval of this Statement. MD and the Head of respective KOC have provided reasonable assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

Implementation measures are continuously taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

Review by External Auditors

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scopes set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial period ended 31 December 2021, and reported to the Board that nothing has come to their attention that has caused them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, Corporate Disclosure Guide and Corporate Governance Guide, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and the Management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and for no other purposes or parties.

AUDIT COMMITTEE REPORT

The Audit Committee of Lion Industries Corporation Berhad is pleased to present the Audit Committee Report for the 18-month financial period ended 31 December 2021.

COMPOSITION

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

- **Members**

  Ms Yap Soo Har
  (Chairman, Independent Non-Executive Director)

  Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
  (Independent Non-Executive Director)

  Y. Bhg. Dato' Nik Rahmat bin Nik Taib
  (Independent Non-Executive Director)

  The respective profiles of the members are set out under Directors' Profile in the Annual Report.

- **Secretaries**

  The Secretaries of Lion Industries Corporation Berhad, Ms Wong Phooi Lin and Ms Kong Siew Foon, are also Secretaries of the Audit Committee.

MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The members of the Audit Committee shall elect a chairman among themselves who is an independent Director and who is not the chairman of the Board. The composition of the Audit Committee shall fulfill the requirements as prescribed in the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

None of the members of the Audit Committee was a former partner of the External Auditors of the Group.

MEETINGS AND MINUTES

The Audit Committee shall meet at least 4 times annually and the Chief Internal Auditor ("CIA") and the Chief Accountant shall attend the meetings. Relevant members of Senior Management shall be invited to attend these meetings to assist to clarify matters raised at the meetings. A majority of independent Directors present shall form a quorum. The Audit Committee shall meet with the External Auditors without the executive Board members and Management being present at least twice a year.

Minutes of each Audit Committee Meeting were recorded and tabled for confirmation and adoption at the next Audit Committee Meeting and subsequently presented to the Board for notation. The Chairman of the Audit Committee shall report on each meeting to the Board.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee which are in line with the provisions of the Listing Requirements, the Malaysian Code on Corporate Governance and other best practices are available for reference on the Company's website at www.lion.com.my/lionind.

ACTIVITIES FOR THE FINANCIAL PERIOD

During the financial period under review, 9 Audit Committee Meetings were held at which full attendance were recorded for all the members.

The CIA and the Chief Accountant were also present at all the Meetings. The CIA resigned on his own accord during the reporting period. Pending the appointment of the new CIA, the relevant Managers from the Group Management Audit Department ("GMA Department") attended 1 Audit Committee Meeting. The new CIA appointed in October 2021, attended all 3 Audit Committee Meetings held subsequent to his appointment.

The Audit Committee carried out its duties for the financial period in accordance with its Terms of Reference.

The main works undertaken by the Audit Committee for the financial period are as follows:

- **Financial Results**

  Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of significant accounting policies and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB"); significant matters highlighted including financial reporting matters, unusual events, transactions, judgements made by Management and other legal requirements; and main factors contributing to the financial performance of the Group in terms of revenue and earnings.

  Discussed with Management and External Auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented; applicable accounting standards approved by MASB, provisions of the Companies Act 2016 and requirements under the Listing Requirements had been complied with; significant matters including Key Audit Matters and critical accounting judgements and key sources of estimation uncertainties made by Management had been evaluated by the External Auditors; and impact of new accounting standards for the following financial year, where relevant, had been assessed.

- **Internal Audit**

  (a) Reviewed and approved the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas and ensured that key and high risk areas were audited annually.

  (b) Reviewed the effectiveness of audit programmes, and the adequacy and suitability of the resource requirements and skill levels of the Internal Auditors for the financial period and assessed the performance of the Internal Audit Function.

  (c) Reviewed the internal audit reports, audit recommendations made and Management's response and actions taken to improve the system of internal control and procedures. Where appropriate, the Audit Committee had directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.

  Audit approach had been added in areas with weaknesses in control as revealed by the Internal Auditors during their previous annual audit reviews, and areas for critical processes that may be affected by the various phases of Movement Control Order imposed by the Malaysian Government to curb the spread of COVID-19.

  (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls had been addressed.

(e) Reviewed the risk and control profile changes of the annual Risk Management and Internal Control – Self-Assessment ratings submitted by the respective operations management. The Internal Auditors had validated the ratings during their audit review, and adjustments to the ratings, if any, had been made accordingly and reported to the Audit Committee.

(f) Reviewed recurrent related party transactions of a revenue or trading nature reports on a quarterly basis for compliance with the review procedures outlined in the Shareholders' Mandate and ensured that the transactions were undertaken on an arm's length basis and on normal commercial terms which were consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

All recurrent related party transactions of a revenue or trading nature undertaken were in compliance with the Listing Requirements and the Group's policies and procedures as well as the Shareholders' Mandate.

(g) Reviewed the results of investigative audit reports on internal misconduct and irregularities within the Group tabled during the financial period and ensured appropriate remedial actions/measures were taken. Additional internal control components for better control over areas of weaknesses discovered during the investigative audit had been included in the Risk Management & Internal Control – Self-Assessment Questionnaire ("RMIC-SAQ") to ensure that the operating companies level of internal control was adequately assessed and disclosed.

(h) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on pages 23 to 30 of this Annual Report.

The Audit Committee was satisfied that the system of risk management and internal control in place throughout the Group as described in the Statement on Risk Management and Internal Control, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Group's operations. The Audit Committee also acknowledged that implementation measures were continuously being taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

(i) Reviewed the Group Compliance Framework for the financial period under review with regard to the scope of activities and their progress as set out in the Compliance Program/Work Plan for the financial period.

(j) Approved an annual budget for the Internal Audit Function to effectively carry out its audit plan.

(k) Approved the appointment of the CIA to replace the CIA who resigned on his own accord during the financial period.

(l) Approved the Audit Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

- **External Audit**

(a) Reviewed and discussed with External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the Group; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.

(b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting matters arising from the external audit and their opinion on the financial statements of the Group and of the Company.

(c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.

(d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the financial period taking into consideration information presented in the External Auditors' Annual Transparency Report, and in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit Committee. The Audit Committee had received from the External Auditors written confirmation on their independence which disclosed their policies on independence, safeguards and procedures to address threats or perceived threats to their independence and objectivity, and that they were in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

(e) Having satisfied with the performance and the assessment on the External Auditors' suitability, objectivity and independence, recommended to the Board the re-appointment of the External Auditors and their remuneration.

(f) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors.

(g) Met with the External Auditors without executive Board members and Management thrice to discuss matters in relation to their review.

- **Compliance Management**

(a) Conformance to Group policies and procedures

Received and reviewed the status and outcomes of the half-yearly Compliance Risk Self-Assessment ("CRSA") exercises which seek to identify gaps in compliance with regard to applicable laws, regulations, codes, guidelines and standards, market/industry best practices and Group policies and procedures, and discussed the adequacy of measures to address such gaps or non-compliance. The CRSA questionnaire sets and declarations were completed by the identified Heads of Business, Finance Officers of the Key Operating Companies ("KOCs"), Group Accountants, Company Secretaries, Group Tax, Group Treasury and Group Corporate Planning.

(b) Reviewed the status of the activities of Group Risk Management and Compliance Department which included:

- Monitoring on a half-yearly basis the scope of activities and status of implementation as driven and coordinated by the Group Risk Management and Compliance as set out in the Compliance Program/ Work Plan for the financial period.

- Developed and carried out the Group Policies and Procedures on Anti-Bribery and Corruption ("ABC") compliance programme including ABC assessment template and questionnaire to determine level of readiness of the corporate liability and Directors' liability of corrupt practices of the Group.

- Developed the questionnaires on "Managing Information Technology and Related Risks" with the objective to among others, understanding and articulating the threat, establishing the types and nature of risks faced, and assessing the Group's capacity to manage and mitigate the risks.

- **Risk Management**

  (a) The Audit Committee together with the Risk Management Committee:

  - Monitored the progress on the achievement of targets set for business objectives of KOCs for the financial period via review of the Corporate Performance Scorecards updates on a half-yearly basis. The Audit Committee sought explanation/understanding from the Risk Management Team ("RMT") of KOCs on non-performance.

  - Reviewed the key risks as reported by the RMTs in their Corporate Risk Scorecards across the wide spectrum of risk facing the businesses and operations which included strategic risk, business risk, financial risk and operational risk. The Audit Committee provided comments on the adequacy and effectiveness of controls and/or management actions identified and/or implemented by the KOCs in addressing the identified risks.

  (b) The Audit Committee provided assurance to the Board on the risk reporting and review activities that took place during the financial period.

- **Related Party Transactions**

  (a) Reviewed related party transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.

  (b) Reviewed the renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature for Shareholders' approval to undertake transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Group with related parties ("RRPTs").

  The Audit Committee ensured that the review procedures were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the Group had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose.

  The review on RRPTs by the Internal Auditors was reported to the Audit Committee on a quarterly basis.

  The Management had given assurance to the Audit Committee that related party transactions and mandate for recurrent related party transactions were in compliance with the Listing Requirements and the Group's policies and procedures.

- **Material Transactions**

  Reviewed material transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, and recommended the same for approval of the Board.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is undertaken by the GMA Department and is independent from Management of the Company and the function which it audits. Its principal activity is to perform regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

Mr Patrick Lee Chun Lim resigned on his own accord as CIA during the financial period. Subsequent thereto, Mr Wong Poh Tan had been appointed by the Audit Committee as the new CIA. Mr Wong is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and a professional member of the Institute of Internal Auditors Malaysia with more than 21 years of internal audit and enterprise risk management experience in the field of manufacturing, nourishing products, palm oil, property development, ceramic tiles and, pulp and paper mills.

The purpose, authority and responsibility of the Internal Audit Function as well as the nature of the assurance activities provided by the function are articulated in the Internal Audit Charter approved by the Audit Committee. The Audit Committee is of the opinion that the Internal Audit Function is appropriate to its size and the nature and scope of its activities.

In discharging its function, the GMA Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the RMIC-SAQ, the Corporate Performance Scorecard and the Corporate Risk Scorecard.

During the financial period, the Internal Auditors had conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews
- Adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework
- Areas for critical processes that may be affected under the COVID-19 pandemic

The GMA Department continued to review the compliance aspects of the ABC Policy and its ABC programmes.

The Internal Auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented. Significant matters were reported directly to the Audit Committee and Senior Management to ensure improvement and corrective actions are taken.

The internal audit works had been carried out according to the internal audit plan approved by the Audit Committee for the financial period.

An annual assessment for evaluating the adequacy and effectiveness of the Internal Audit Function was carried out in the financial period.

The Internal Auditors are updated on the improvement and development in internal auditing standards, procedures, techniques, corporate governance and the Listing Requirements through the attendance of seminars and talks organised by the Institute of Internal Auditors Malaysia, the Malaysian Institute of Accountants, Bursa Malaysia Berhad and the Securities Commission Malaysia as well as core competency courses organised by professional training establishments. The Audit Committee was also satisfied that the Internal Audit Function, which is led by the CIA with relevant experience and backed by 5 staff of managerial and executive level who possessed the relevant qualification and experience, had adequate resources to fulfill the internal audit plan for the next financial year.

The Internal Auditors had confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

The total cost incurred in managing the Internal Audit Function of the Group for the financial period was RM691,295.

NOMINATION COMMITTEE

Chairman	:	Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin *(Independent Non-Executive Director)*
Members	:	Ms Yap Soo Har *(Independent Non-Executive Director)* Ms Cheng Hui Ya, Serena *(Non-Independent Non-Executive Director)*

Terms of Reference :

1. To consider and recommend to the Board, candidates for directorships in the Company.

2. To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and from independent sources.

   In making a recommendation to the Board on the candidate for directorship, the Committee shall consider the broad Fit & Proper and Independence Criteria as set out in the Board Charter.

   The candidate for an independent non-executive Director should be a person of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board.

3. To recommend to the Board, Directors to fill the seats on Board Committees.

4. To assist the Board in reviewing on an annual basis, the composition, the required mix of skills, knowledge, experience, diversity and other qualities, including core competencies which each individual Director including the independent non-executive Director should bring to the Board, to enable the Board to function effectively, and strengthen board leadership and oversight of sustainability issues.

5. To establish and implement processes to assess, on an annual basis, the effectiveness of the Board as a whole and the committees of the Board; the independence of the independent Directors; the contribution of each individual Director; and the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference, based on the process and procedure laid out by the Board.

6. To recommend to the Board:

   (a) the re-election of those Directors who are retiring at an annual general meeting ("AGM") of the Company and to put forward their re-election for approval at the AGM; and

(b) the continued retention of any independent non-executive Director who has served for a cumulative period of more than 9 years as an independent non-executive Director or otherwise. Any retention of an independent Director who has served a cumulative period of 9 years shall be subject to Shareholders' approval in line with the recommendation of the Malaysian Code on Corporate Governance. Notwithstanding, the tenure of an independent Director shall not exceed a cumulative period of more than 12 years.

7. To review the induction and training needs of Directors.

8. To consider other matters as referred to the Committee by the Board from time to time.

NOMINATION COMMITTEE REPORT

The Nomination Committee comprises 3 members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin who is an independent Director.

Appointment to the Board and the Effectiveness of the Board

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, knowledge, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. As an enhancement to its process, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable. The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as individual Directors and Audit Committee members based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

The assessment criteria of the Board's evaluation/performance review process as well as the process and criteria to identify and nominate candidates for appointment as a Director, and re-election and re-appointment of existing Directors, and retention of independent Directors are set out in the Board Charter.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the competencies, expected contributions and diversity representation covering the qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements, appointment scope, role, commitment level, professionalism and integrity, and the appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background which would contribute to the overall desired composition of the Board.

The Directors' mix of skills are set out in the respective profile under Directors' Profile on pages 7 to 9 of this Annual Report.

Activities of the Nomination Committee for the Financial Period

The Nomination Committee met once since the date of the last Annual Report and all the members attended the Meeting.

The Nomination Committee had carried out the following duties for the financial period in accordance with its Terms of Reference:

(i) Reviewed and enhanced the process and evaluation forms in relation to the annual evaluation of the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors and the contribution of each of the individual Directors and Audit Committee members taking into consideration new and enhanced recommendations under the Malaysian Code on Corporate Governance and guidance under the updated Corporate Governance Guide (4th Edition).

(ii) Reviewed the Terms of Reference of the Nomination Committee.

(iii) Reviewed and assessed the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the individual Directors based on the broad Fit & Proper and Independence Criteria using a set of quantitative and qualitative performance evaluation forms adopted by the Nomination Committee, and was satisfied (a) that the Board composition in term of size, mix of competencies and diversity representation and the balance between executive, non-executive and independent Directors as per Bursa Malaysia Securities Berhad Main Market Listing Requirements, was adequate and in line with the Group's business operations and needs; (b) with the level of independence of all the independent non-executive Directors and their ability to act in the best interest of the Company; and (c) that the Board as a whole and the Board Committees have discharged their duties and responsibilities effectively at all times.

(iv) Reviewed the term of office and performance of the Audit Committee as a whole and each of its members including an assessment of their financial literacy, and assessed and evaluated the effectiveness of the Audit Committee in conducting its activities in accordance with its Terms of Reference, and was satisfied that all members had carried out their duties effectively and were financially literate and able to understand matters under the purview of the Audit Committee including financial reporting process.

(v) Reviewed the retirement by rotation of Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin, Y. Bhg. Dato' Nik Rahmat bin Nik Taib and Ms Yap Soo Har, and having satisfied that they have discharged their duties and responsibilities effectively at all times, recommended their re-election for Board's consideration, which shall be tabled for approval of the Shareholders at the forthcoming 91st Annual General Meeting of the Company.

(vi) Reviewed the training needs of the Directors and was satisfied that the Directors having attended the relevant training programmes as well as having been updated with market developments and related issues, and apprised on a continuing basis by the Company Secretaries on new and/or revised statutory and regulatory requirements, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and role as a Director.

(vii) Approved and recommended for Board's consideration the Nomination Committee Report incorporating the Nomination Committee's activities for inclusion in the 2021 Annual Report.

REMUNERATION COMMITTEE

Chairman : Y. Bhg. Dato' Nik Rahmat bin Nik Nordin
(Independent Non-Executive Director)

Members : Ms Yap Soo Har
(Independent Non-Executive Director)

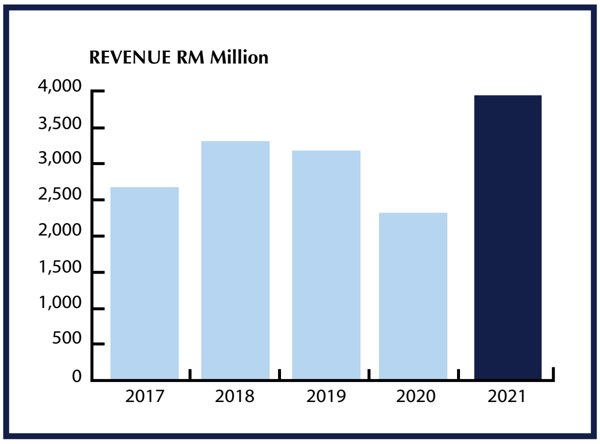
Ms Cheng Hui Ya, Serena
(Non-Independent Non-Executive Director)

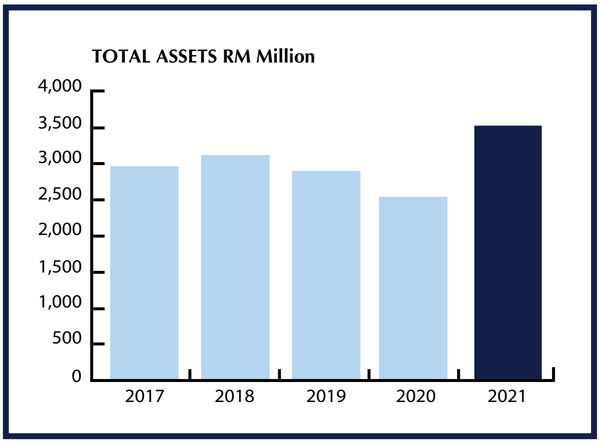
Terms of Reference :

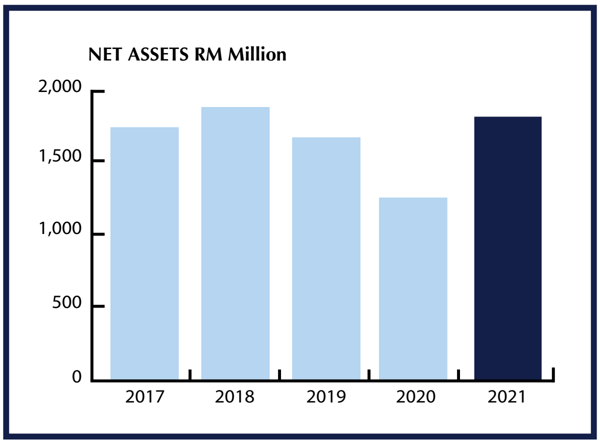
- To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary.
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

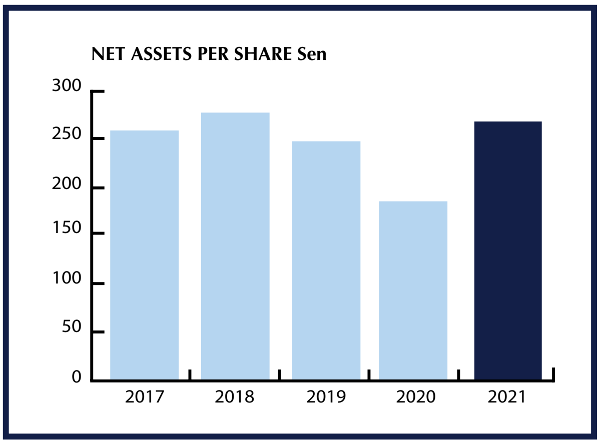
5 YEARS GROUP FINANCIAL HIGHLIGHTS

						18 months ended 31 December
		12 months ended 30 June				
Financial years/period		**2017**	**2018**	**2019**	**2020**	**2021**
Revenue	(RM'000)	2,667,492	3,290,799	3,163,774	2,318,470	**3,937,446**
Profit/(Loss) before tax	(RM'000)	107,442	175,051	(128,045)	(377,024)	**570,284**
Profit/(Loss) after tax	(RM'000)	113,465	181,846	(156,101)	(383,170)	**539,241**
Net Profit/(Loss) attributable to owners of the Company	(RM'000)	105,311	172,921	(157,253)	(390,533)	**494,990**
Total assets	(RM'000)	2,952,634	3,104,503	2,891,976	2,515,969	**3,512,778**
Net assets	(RM'000)	1,746,820	1,880,623	1,673,901	1,251,585	**1,813,558**
Total borrowings	(RM'000)	236,090	171,679	163,233	163,605	**182,211**
Earnings/(Loss) per share	(Sen)	15.4	25.4	(23.1)	(57.4)	**72.7**
Net assets per share	(Sen)	257	276	246	184	**266**

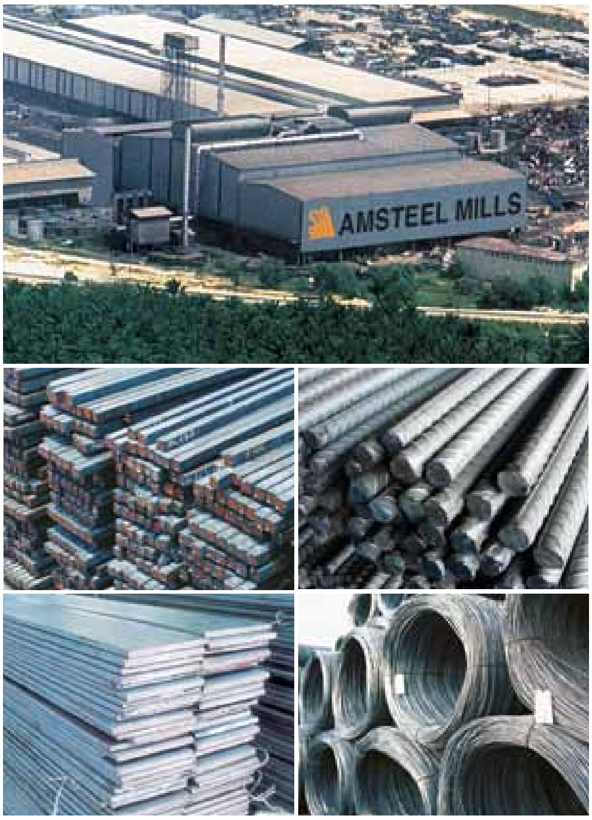








THE GROUP'S BUSINESSES



- Amsteel Mills Sdn Bhd and Eden Flame Sdn Bhd (Johor) produce long steel products namely billets, bars and wire rods for construction and manufacturing requirements.
- *Amsteel Mills Sdn Bhd dan Eden Flame Sdn Bhd (Johor) menghasilkan produk besi panjang iaitu bilet, bar dan rod wayar untuk kegunaan sektor pembinaan dan pembuatan.*

- The Building Materials Division is involved in the trading and distribution of building and construction materials such as (clockwise from top left) sanitarywares, floor tiles, bricks, steel bars, roofing tiles, ironmongery and BRC mesh.
- *Bahagian Bahan Binaan terlibat dalam perniagaan menjual dan mengedar bahan-bahan binaan seperti (arah jam, dari atas kiri) kelengkapan tandas, jubin lantai, batu bata, bar besi, jubin bumbung, barangan besi dan jejaring BRC.*

- Posim Petroleum Marketing Sdn Bhd distributes a wide range of petroleum-based products under "HI-REV", "T-TRAX" & "torQe" brands which meet specifications required by American Petroleum Institute (API), Japanese Automotive Standards Organization (JASO) and European Automobile Manufacturers' Association (ECEA) for exceptional perfomace in engine lubrication and protection against thermal stress to maintain excellent performance in high power densities engines.
- *Posim Petroleum Marketing Sdn Bhd mengedarkan pelbagai produk berasaskan petroleum di bawah jenama "HI-REV", "T-TRAX" & "torQe" yang memenuhi spesifikasi yang ditetapkan oleh American Petroleum Institute (API), Japanese Automotive Standards Organization (JASO) dan European Automobile Manufacturers' Association (ECEA) untuk prestasi pelinciran dan perlindungan unggul daripada tekanan termal bagi mengekalkan prestasi cemerlang enjin berketumpatan kuasa tinggi.*

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Lion Industries Corporation Berhad ("LICB" atau "Kumpulan" atau "Syarikat") bagi tempoh kewangan berakhir 31 Disember 2021.

PRESTASI KEWANGAN

Syarikat telah mengubah tahun kewangannya yang berakhir pada 30 Jun kepada 31 Disember, dan sehubungan dengan itu, tempoh kewangan dalam kajian bagi tempoh 18 bulan iaitu bermula pada 1 Julai 2020 hingga 31 Disember 2021. Tahun kewangan sebelum ini yang berakhir pada 30 Jun 2020, merangkumi 12 bulan bermula dari 1 Julai 2019 hingga 30 Jun 2020. Oleh itu, keputusan untuk kedua-dua tempoh ini tidak boleh dibandingkan.

Bagi tempoh kewangan dalam kajian, Kumpulan mencatat pendapatan berjumlah RM3,937 juta di mana perniagaan keluli dan bahan binaan merupakan penyumbang utama kepada pendapatan Kumpulan. Ekonomi Malaysia sedang menuju ke arah pemulihan dengan sokongan pembukaan semula sektor ekonomi selepas penarikan balik sekatan di bawah Perintah Kawalan Pergerakan. Industri keluli Malaysia meningkat pada tahun 2021 selepas mengalami kemerosotan pada tahun 2020, sejajar dengan kenaikan harga keluli global berikutan peningkatan permintaan dari luar negara. Kumpulan mencatatkan keuntungan sebelum cukai sebanyak RM570.3 juta untuk tempoh 18 bulan ini selepas mengambil kira keuntungan daripada penjualan anak syarikat berjumlah RM440.5 juta dan keuntungan RM193.1 juta daripada penyusunan penyelesaian hutang bercagar.

Sehingga 31 Disember 2021, Kumpulan berada pada kedudukan tunai bersih dengan aset bersih berjumlah RM1,814 juta, atau aset bersih sesaham sebanyak RM2.66, meningkat 82 sen berbanding tahun kewangan yang lalu.

PERKEMBANGAN KETARA DALAM KORPORAT

(i) Dalam tahun kewangan lalu dan semasa, Syarikat telah mengumumkan cadangan pengembangan operasi kepada perniagaan keluli rata melalui cadangan pengambil alihan aset-aset keluli rata untuk pembuatan gegelung gelekan panas dan gegelung gelekan sejuk ("Cadangan Pengembangan Operasi kepada Perniagaan Keluli Rata").

Cadangan berikut di bawah Cadangan Pengembangan Operasi kepada Perniagaan Keluli Rata telah dimuktamadkan pada 30 Julai 2020, iaitu Tarikh Penyelesaian (Skim Terjamin) (seperti yang ditakrifkan dalam pengumuman Syarikat bertarikh 11 Jun 2019):

(a) Cadangan Pengambil Alihan Aset Terhutang di mana Pemegang Amanah Sekuriti menyerahkan bayaran pendahuluan sebanyak RM84.00 juta kepada setiap Peminjam Bercagar Megasteel Sdn Bhd dan pemilikan sah Aset-aset Terhutang bersama-sama dengan hak dan kepentingan Secomex Manufacturing (M) Sdn Bhd ("Secomex") yang telah dipindahkan kepada Cendana Aset Sdn Bhd; dan

(b) Cadangan Pengambil Alihan Nota Janji MS di mana Pemegang Amanah Sekuriti menyerahkan Pertimbangan Pembelian Nota Janji MS berjumlah RM8.50 juta kepada setiap Peminjam Bercagar Megasteel, dan hak, pemilikan dan kepentingan di bawah Nota Janji MS yang telah ditandatangani dan ditentu tarikh oleh Pemegang Amanah Sekuriti pada Tarikh Penyelesaian (Skim Bercagar), telah dipindahkan kepada Gelora Berkat Sdn Bhd.

    Nota Janji MS diterbitkan oleh Megasteel kepada Pemegang Amanah Sekuriti sebagai penyelesaian penuh dan terakhir terhadap keseluruhan bahagian hutang yang nilai cagarannya lebih rendah sebanyak RM522.63 juta dengan Peminjam Bercagar Megasteel. Nota Janji MS membolehkan Gelora Berkat Sdn Bhd berhak untuk menerima jumlah penyelesaian yang perlu dibayar oleh Megasteel kira-kira RM2.98 juta berdasarkan Skim Tidak Bercagar Megasteel.

Pada 27 Julai 2020, Secomex telah menjadi anak syarikat milik penuh Syarikat apabila 500,000 saham biasa, yang mewakili 100% kepentingan ekuiti dalam Secomex telah didaftarkan atas nama Cendana Aset Sdn Bhd.

Perintah Mahkamah bagi Skim Tidak Bercagar Megasteel telah diserah simpan di Suruhanjaya Syarikat Malaysia pada 3 Ogos 2020. Oleh itu, perjanjian jual beli untuk Cadangan Pengambil Alihan Aset-aset Bebas Hutang juga bertarikh 3 Ogos 2020.

Skim Tidak Bercagar Megasteel telah dimuktamadkan pada 24 Disember 2021, dan sehubungan itu, Cadangan Pengembangan Operasi kepada Perniagaan Keluli Rata juga disempurnakan pada tarikh yang sama.

(ii) Cadangan pelupusan keseluruhan 100% kepentingan ekuiti dalam Antara Steel Mills Sdn Bhd ("Antara") oleh Amsteel Mills Sdn Bhd ("AMSB"), anak syarikat 99% milik Syarikat, kepada Esteel Enterprise Pte Ltd ("Esteel") bagi pertimbangan pelarasan akhir sebanyak USD165.63 juta (bersamaan dengan RM697.74 juta) ("Cadangan Pelupusan Antara").

Cadangan Pelupusan Antara telah selesai pada 10 Disember 2021. Berikutan itu, Antara bukan lagi anak syarikat milik Syarikat berkuat kuasa mulai 10 Disember 2021.

(iii) Cadangan pelupusan keseluruhan 100% kepentingan ekuiti dalam Eden Flame Sdn Bhd ("Eden") oleh AMSB kepada Esteel untuk pertimbangan pelarasan proforma sebanyak RM135.88 juta berdasarkan akaun pengurusan proforma Eden pada 30 November 2021 ("Cadangan Pelupusan Eden").

Cadangan Pelupusan Eden sedang menunggu syarat-syarat terdahulu dipenuhi.

PROSPEK

Ekonomi Malaysia dijangka berkembang 5.3% hingga 6.3% pada tahun 2022 menurut Bank Negara Malaysia meskipun terdapat kebimbangan berlakunya inflasi yang disebabkan oleh beberapa faktor termasuk peningkatan harga komoditi global dan risiko gangguan dalam rantaian bekalan.

Namun begitu, Kumpulan kekal bersikap optimistik tetapi berhati-hati. Kumpulan akan terus menumpu untuk membendung kos operasinya, mengoptimumkan kecekapan operasi dan memanfaatkan peluang pertumbuhan baharu bagi tahun kewangan akan datang.

LEMBAGA PENGARAH

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan tulus ikhlas kepada Allahyarham Dato' Kamaruddin @ Abas bin Nordin yang meninggal dunia dalam tempoh kewangan ini, atas dedikasi dan sumbangan Allahyarham kepada Syarikat sepanjang berkhidmat sebagai Pengarah. Kami ingin merakamkan dan menzahirkan ucapan takziah kepada keluarga Allahyarham. Ia adalah satu penghormatan untuk bekerja bersama-sama Allahyarham Dato' Kamaruddin dan Allahyarham akan terus dikenang.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin melahirkan penghargaan tulus ikhlas kepada semua pemegang saham, para pelanggan, pembiaya kewangan,sekutu perniagaan dan pihak berkuasa kerajaan dan pengawal selia yang dihargai, atas sokongan dan keyakinan berterusan mereka terhadap Kumpulan sepanjang tempoh yang mencabar ini.

Saya juga ingin menyatakan setinggi-tinggi penghargaan kepada rakan-rakan Pengarah atas bimbingan, sokongan dan sumbangan mereka yang tidak ternilai sepanjang tempoh kewangan.

Akhir sekali, saya ingin mengucapkan terima kasih kepada pihak pengurusan dan warga kerja atas dedikasi dan komitmen mereka kepada Kumpulan.

DATUK SERI UTAMA RAJA NONG CHIK BIN DATO' RAJA ZAINAL ABIDIN
Pengerusi

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Financial Statements of Lion Industries Corporation Berhad ("LICB" or "the Group" or "the Company") for the financial period ended 31 December 2021.

FINANCIAL PERFORMANCE

The Company had changed its financial year end from 30 June to 31 December, and hence the financial period under review is for an 18-month period from 1 July 2020 to 31 December 2021. The preceding financial year that ended on 30 June 2020 comprised 12 months from 1 July 2019 to 30 June 2020. As such, the results for these two periods are not comparable.

For the financial period under review, the Group registered a revenue of RM3,937 million with the steel and building materials businesses being the main contributors to the Group's revenue. The Malaysian economy is on the path to recovery supported by the reopening of economic sectors after the lifting of various restrictions of the Movement Control Orders. Malaysia's steel industry picked up in 2021 after a slowdown in 2020, in line with rising global steel prices due to soaring demand from overseas. The Group posted a profit before tax of RM570.3 million for the 18-month period after including a gain on disposal of a subsidiary company amounting to RM440.5 million and a gain of RM193.1 million from a secured debts settlement arrangement.

The Group is in a net cash position as at 31 December 2021 with net assets of RM1,814 million, translating into net assets per share of RM2.66, an increase of 82 sen from that of the last financial year.

SIGNIFICANT CORPORATE DEVELOPMENTS

(i) During the previous financial years and the current financial period, the Company had announced its proposed expansion into flat steel business through the proposed acquisition of flat steel assets for the production of hot rolled coils and cold rolled coils ("Proposed Expansion into Flat Steel Business").

The following proposals under the Proposed Expansion into Flat Steel Business have been completed on 30 July 2020, being the Settlement Date (Secured Scheme) (as defined in the Company's announcement dated 11 June 2019):

(a) Proposed Acquisition of Encumbered Assets whereby the Security Trustee had released the upfront payment of RM84.00 million to each of the Megasteel Secured Lenders and the legal ownership of the Encumbered Assets together with the Secomex Manufacturing (M) Sdn Bhd ("Secomex") rights and benefits have been transferred to Cendana Aset Sdn Bhd; and

(b) Proposed Acquisition of MS Promissory Note whereby the Security Trustee had released the Purchase Consideration for MS Promissory Note of RM8.50 million to each of the Megasteel Secured Lenders and the right, title and interest under the MS Promissory Note which was duly signed and dated by the Security Trustee on Settlement Date (Secured Scheme) has been transferred to Gelora Berkat Sdn Bhd.

The MS Promissory Note was issued by Megasteel to the Security Trustee as full and final settlement of the entire under-secured portion debt of RM522.63 million with the Megasteel Secured Lenders. The MS Promissory Note allows Gelora Berkat Sdn Bhd to be entitled to receive a settlement amount payable by Megasteel estimated at approximately RM2.98 million pursuant to the Megasteel Unsecured Scheme.

Secomex had on 27 July 2020 became a wholly-owned subsidiary of the Company following the registration of the 500,000 ordinary shares, representing 100% equity interest in Secomex in the name of Cendana Aset Sdn Bhd.

The Court Order for the Megasteel Unsecured Scheme was lodged with the Companies Commission of Malaysia on 3 August 2020. Accordingly, the sale and purchase agreement for the Proposed Acquisition of Unencumbered Assets, had also been dated 3 August 2020.

The Megasteel Unsecured Scheme has been completed on 24 December 2021 and accordingly, the Proposed Expansion into Flat Steel Business was therefore completed on even date.

(ii) Proposed disposal by Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company, of its entire 100% equity interest in Antara Steel Mills Sdn Bhd ("Antara") to Esteel Enterprise Pte Ltd ("Esteel") for a final adjusted consideration of USD165.63 million (equivalent to RM697.74 million) ("Proposed Disposal of Antara").

The Proposed Disposal of Antara has been completed on 10 December 2021. Consequent thereupon, Antara is no longer a subsidiary of the Company with effect from 10 December 2021.

(iii) Proposed disposal by AMSB of its entire 100% equity interest in Eden Flame Sdn Bhd ("Eden") to Esteel for a proforma adjusted consideration of RM135.88 million based on Eden's proforma management accounts as at 30 November 2021 ("Proposed Disposal of Eden").

The Proposed Disposal of Eden is pending fulfilment of conditions precedent.

PROSPECTS

The Malaysian economy is expected to grow by 5.3% to 6.3% in 2022 according to Bank Negara Malaysia although there is concern over inflation due to factors including global commodity price developments and risks from disruption in supply chains.

Nevertheless, the Group remains cautiously optimistic. The Group will continue to focus on containing its operating costs, optimising operational efficiencies and tapping new opportunities for growth for the next financial year.

BOARD OF DIRECTORS

On behalf of the Board, I would like to express our sincere gratitude to the late Dato' Kamaruddin @ Abas bin Nordin who passed away during the financial period under review, for his dedication and contribution to the Company during his tenure as Director. We wish to express and convey our deepest condolences to his family. It had been an honour working with Dato' Kamaruddin and he will be sorely missed.

APPRECIATION

On behalf of the Board, I wish to express my heartfelt and sincere thanks to all our valued shareholders, customers, financiers, business associates and the various governmental and regulatory authorities for their continuing support and confidence in the Group throughout these challenging times.

I would also like to convey my appreciation and gratitude to my fellow Directors for their invaluable guidance, support and contribution throughout the period.

Last but not least, I would like to place on record my appreciation to the management and staff for their dedication and commitment to the Group.

DATUK SERI UTAMA RAJA NONG CHIK BIN DATO' RAJA ZAINAL ABIDIN
Chairman

主席报告

我谨代表董事部，欣然宣布金狮工业机构有限公司截至2021年12月31日的常年报告和经审核财务报表。

财务表现

公司更改其财政年度的结束日期，从6月30日改到12月31日。因此，受审核的财政时期是从2020年7月1日到2021年12月31日，共18个月。上一个会计年度在2020年6月30日结束，是从2019年7月1日到2020年6月30日，总共12个月。因此，这两个时期的业绩是不相等的对比。

在这审核的财政时期内，本集团的营业额共报39亿3,700万令吉，钢铁业务和建筑材料业务是本集团营业额的主要贡献者。在当局取消行动管制令的多种限制之后，经济领域重新开放，马来西亚经济正在迈向复苏的道路上。马来西亚的钢铁业在2020年趋缓，在2021年回弹。由于海外需求增加，全球的钢铁价格上涨。在这18个月的时期内，本集团获得5亿7,030万令吉的税前利润，其中包括脱售一家子公司取得4亿4,050万令吉的盈利，以及清算一项担保债务安排所取得的1亿9,310万令吉。

在2021年12月31日，本集团处于净现金的地位，净资产共18亿1,400万令吉，每股净资产是2.66令吉，比上一个会计年度增加82仙。

重大的企业发展

(i) 在上一个会计年度和本会计时期，本公司宣布筹划扩充业务至平板钢业务，方法是通过建议收购平板钢资产，以生产热轧钢卷和冷轧钢卷（“建议扩展到平板钢业务”）。

有关建议扩展到平板钢业务事项，以下建议在2020年7月30日为结算日。（有担保计划）（是根据本公司在2019年6月11日所作的宣布）：

(a) 建议收购承担债务资产，证券信托人发放8,400万令吉的预付款项给每位美佳钢铁有担保贷款人以及承担债务资产的合法拥有者，加上Secomex Manufacturing (M) Sdn Bhd(“Secomex”)的权利和利益转移给Cendana Aset Sdn Bhd；以及

(b) 建议收购MS Primissory Note，证券信托人发放MS Promissory Note 的收购价850万令吉给美佳钢铁每位有担保贷款人，而在结算日（有担保计划）由证券信托人签名和写上日期，MS Promissory Note 的权利、所有权凭证以及利益转移给Gelora Berkat Sdn Bhd。

MS Primissory Note是由美佳钢铁发行给证券信托人，作为全面及最终结清欠给美佳钢铁有担保贷款人的整个担保不足部分的债务5亿2,263万令吉。根据美佳钢铁无担保计划，MS Primissory Note允许Gelora Berkat Sdn Bhd 有权接受由美佳钢铁支付的结清付款，估计大约298万令吉。

随着Secomex的50万股普通股（等于Secomex的100%股权）注册在Cendana Aset Sdn Bhd 名下， 该公司在2020年7月27日成为本集团的独资子公司。

美佳钢铁无担保计划的法庭庭令在2020年8月3日授予马来西亚公司委员会。这样一来，建议中收购承担债务资产的买卖合同的日期也是2020年8月3日。

美佳钢铁无担保计划于2021年12月24日完成。因此，建议扩展到平板钢业务也在同一天完成。

(ii) 建议脱售Amsteel Mills Sdn Bhd（“AMSB”,本公司拥有99%股权的子公司）拥有的Antara Steel Mills Sdn Bhd（“Antara”）的全部100%股权给Esteel Enterprise Pte Ltd（“Esteel”），最终的调整卖价是1亿6,563万美元（相等于6亿9,774万令吉）（“建议脱售Antara”）。

建议脱售Antara在2021年12月10日完成。这样一来，从2021年12月10日起，Antara不再是本公司的子公司。

(iii) 建议AMSB出售其在Eden Flame Sdn Bhd（“Eden”）的100%股权给Esteel，根据在2021年11月30日Eden的账目估计，调整卖价是1亿3,588万令吉（“建议出售Eden”）。

建议出售Eden有望在符合上述条件下完成。

展望

根据马来西亚国家银行的预测，在2022年，马来西亚经济预料将增长5.3%至6.3%，全球原产品价格的发展以及供应链受破坏的风险等因素，将带来令人对通货膨胀的担忧。不过，本集团仍然保持谨慎乐观。在下一个会计年度，本集团继续致力于抑制营运成本，优化营运效率，以及开拓新的成长机会。

董事部

我谨代表董事部，真诚感谢已故Dato Kamaruddin @ Abas bin Nordin（他在本会计时期期间去世）在担任本公司董事期间所作的贡献。我们谨此对他的家人表达深切慰唁。非常荣幸能与Dato Kamaruddin一同共事，我们深切怀念他。

鸣谢

我谨代表董事部，真诚感谢我们所有尊重的股东、客户、金融机构、商业伙伴以及各个政府机构和执法机构，感谢他们在这具有挑战的时期，继续支持本集团及对本集团具有信心。

我要感谢董事们这时期给予宝贵的指导、支持与贡献。

最后，我也要感谢管理层和职员对本集团的奉献与承诺。

主席
DATUK SERI UTAMA RAJA NONG CHIK BIN DATO' RAJA ZAINAL ABIDIN

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Consolidated Statement of Profit or Loss	31.12.2021 (18 months) RM'000	30.6.2020 (12 months) RM'000
Revenue	**3,937,446**	2,318,470
Loss from operations	**(12,426)**	(261,886)
Profit/(Loss) before tax	**570,284**	(377,024)
Profit/(Loss) after tax	**539,241**	(383,170)
Consolidated Statement of Financial Position		
Total assets	**3,512,778**	2,515,969
Deposits, cash and bank balances	**726,062**	333,517
Total liabilities	**1,474,073**	1,089,149
Loans and borrowings	**182,211**	163,605
Net assets	**1,813,558**	1,251,585

The Company had changed its financial year end from 30 June to 31 December, and hence the financial period under review is for an 18-month period from 1 July 2020 to 31 December 2021. The preceding financial year that ended on 30 June 2020 comprised 12 months from 1 July 2019 to 30 June 2020. As such, the results for these two periods are not comparable.

For the financial period under review, the Group registered a revenue of RM3,937 million with the steel and building materials businesses being the main contributors to the Group's revenue. The major economic activities in Malaysia are picking up momentum with the roll-out of COVID-19 vaccines with high vaccination rate and the lifting of various restrictions of the Movement Control Orders.

The Group shared a lower loss of RM50.9 million from the associated companies and a joint venture, compared with RM115.1 million loss in the previous financial year. This was largely attributed to the retail business in China of an associated company which has rebounded from the COVID-19 pandemic, and the gain from deconsolidation of its operations in Indonesia.

For the financial period under review, the Group posted a profit before tax of RM570.3 million against a loss of RM377.0 million in the last financial year. This was mainly contributed by the significant gain of RM440.5 million arising from the disposal of a subsidiary company, Antara Steel Mills Sdn Bhd and RM193.1 million being the net amount recovered from the secured debts settlement arrangement entered into with Lion Diversified Holdings Berhad (In Liquidation) Group via a transfer of 100% equity interest in Well Morning Limited.

REVIEW OF OPERATIONS

Note: "Profit or loss before interests, share of associates and taxation" is hereinafter referred to as "profit" or "loss".

Steel

	31.12.2021 (18 months) RM Million	30.6.2020 (12 months) RM Million
Revenue	**3,421**	2,048
Profit/(Loss)	**55.5**	(260.5)

Product	Annual Rated Capacity (Metric Tons)
HBI *	0.9 million
Billets/Molten Steel	3.1 million
Steel Bars and Wire Rods	2.4 million

* Disposal completed on 10 December 2021

Long Products (Billets, Steel Bars & Wire Rods)

Our long steel products business is spearheaded by Amsteel Mills Sdn Bhd which owns two steel plants located at Bukit Raja, Klang and Banting. Another steel plant located at Pasir Gudang, Johor is owned by Eden Flame Sdn Bhd. The Company had on 14 January 2022, announced the proposed disposal of Eden Flame Sdn Bhd. The proposed disposal is pending completion.

The long steel products business posted a revenue of RM2.3 billion for the 18-month period with contribution mainly from the steel plant at Bukit Raja, Klang. Higher selling prices of steel products have contributed to the high revenue and better profit margin. Accordingly, the long steel products business recorded a profit of RM42.0 million for the 18-month period against a loss of RM217.3 million in the last financial year.

Hot-Briquetted Iron ("HBI")

On 10 December 2021, the disposal of the entire 100% equity interest in Antara Steel Mills Sdn Bhd which owned the hot-briquetted iron plant and business in Labuan to Esteel Enterprise Ptd Ltd was completed.

The HBI operation recorded a revenue of RM1.1 billion and an operating profit of RM39.9 million for the financial period under review. The improved operating environment led to a turnaround in results from an operating loss of RM33.8 million in the last financial year.

Building Materials

	31.12.2021 (18 months) RM Million	30.6.2020 (12 months) RM Million
Revenue	**739.9**	331.7
Profit	**9.0**	22.2

The construction sector registered a strong growth of 8.3% in the first half of 2021 driven by investments in transport infrastructure, renewable energy, residential, telecommunications and water infrastructure projects. However, the recovery is more a reflection of the severity by which construction activities fell in 2020 amid the COVID-19 lockdown, rather than a sign of resurgence. The sector continued to post positive growth in 2021 due to strengthening of capacities and low base effects from the COVID-19 pandemic as vaccination rates increased and restrictions were lifted.

Overall, 2021 was another very challenging year for the Division with the implementation of the Full Movement Control Order taking effect on 1 June 2021 following a rise in COVID-19 cases. However, due to the pickup in construction activities, the Division recorded a revenue of RM740 million for the financial period through continuous monitoring of new developments in the construction sector in line with the evolving situation. Included in the last financial year's profit was a recovery of RM22.0 million from debtors.

The construction industry may remain challenging in 2022 due to the lack of new mega infrastructure projects to spur the revival of the construction sector. However, small scale projects are in the pipeline to enhance the infrastructure for public use. Positive growth is also seen in the continuation and acceleration of existing major infrastructure projects which would help to sustain the prevailing market sentiments in the construction industry.

Operating in an intensely challenging and competitive business environment, the Division will always stay vigilant and responsive to market changes. The Division will continue to fortify its operating performance by forging strategic relationships with principal suppliers and trading partners, developing partnerships with key customers and developers, and expanding its market coverage into East Malaysia on the distribution of our in-house brands of finishing products such as sanitary wares, tap fittings, tiles and ironmongery to grow revenue and enhance margins. The Division has also taken all necessary precautions to prevent any disruption to its business operations in the event of a new wave of COVID-19 infections.

Lubricants, and Petroleum and Automotive Products

	31.12.2021 (18 months) RM Million	30.6.2020 (12 months) RM Million
Revenue	**119.8**	78.9
Profit	**17.6**	13.9

Year 2021 was by far the most challenging period the Division had ever faced in its history.

The 1st quarter from January to March began with an unprecedented steep uptrend in raw material prices. Shortage in global base oil supplies, unexpected delivery delays in global logistics and transport capacities compounded the escalation in production costs. The situation forced engine lubricants producers like ourselves to review our offerings, and to delicately balance between absorbing the rising costs, and passing on the added burden to our loyal customers. To date, prices of raw materials have not fully returned to their previous levels, but instead, continue their uptrend, though at a lower pace, for the rest of the period under review.

In order to curb the fast spreading COVID-19 infections, the State of Selangor was imposed a strict total lockdown on most business activities in June and August 2021. As our principal operations and production activities are located in Selangor, our revenues were adversely impacted during these 3 months. Fortunately, the subsequent 3 months of September to November recorded a healthy recovery of our revenues, and minimised the impact of lost sales from missed business opportunities in the preceding months.

The closing month of December 2021 however, had brought the biggest impact to our operations. Our production and operations facilities were hit by the severe floods that struck major parts of Selangor and Kuala Lumpur on 18 December 2021. Due to the disruption in our active production lines, we relied on limited remaining stocks to fulfil incoming orders, and had to defer sales to a later date whenever we were forced by constraints to do so. The production lines are expected to be fully restored within the first half of 2022.

In view of the effect of the floods, an impairment on assets and stocks of approximately RM1.9 million was provided in the financial statements for the financial period under review. These items are fully insured and will be reimbursed in 2022.

Despite the extremely tough challenges encountered, excellent service to our customers remained a key component to the success of our business. We were able to do so due to a team of committed employees and business associates who worked tirelessly to protect and sustain our businesses in this demanding period.

For the 18 months' performance under review, the lubricant division continued to record favourable operating profits to contribute to the Group's earnings.

SUSTAINABILITY STATEMENT

The Group has embraced the values of corporate responsibility and elements of sustainability management since the early days of its operations. These values are reflected in our core values, policy statements and work practices across our operations and contribute to the development of the Group's Sustainability Framework.

This Sustainability Statement provides an overview of our sustainability practices and performance for the 18-month financial period ended 31 December 2021 ("FPE 2021") in the 3 aspects of sustainability i.e. economic, environmental and social ("EES"). We have taken steps to incorporate standard disclosures in accordance to the Global Reporting Initiatives ("GRI") reporting guidelines and Bursa Malaysia Securities Berhad's Main Market Listing Requirements on sustainability reporting.

ECONOMIC

This section covering the Marketplace and Workplace, highlights the continual measures to support the economic sustainability of our operations by giving due attention to our suppliers and customers, and our employees respectively. We have strengthened our policies governing our business dealings, conduct of employees and business continuity management. These policies pertaining to group procurement, vendor code of conduct, code of business ethics and conduct ("CoBEC"), integrity and fraud, competition, whistleblowing and sexual harassment, are disseminated to all our companies and employees as well as uploaded onto Lion Group's corporate website for public viewing.

The Group maintains zero-tolerance for bribery, fraud and corruption, and has an Anti-Bribery and Corruption Policy ("ABC Policy") which abides by the rules, laws and regulations of the countries we are operating in. The ABC Policy has incorporated more comprehensive issues and a robust set of internal standards and procedures to further enhance the Group's core principles in the existing CoBEC, and is available on the Company's website.

Marketplace

COVID-19 has impacted business operations, suppliers and customers in their contractual obligations due to physical restrictions or financial difficulties. We have taken proactive steps to address the risks of COVID-19 in a way that mitigates adverse impact on our supply chain, and initiated meetings and negotiations with key stakeholders to mutually resolve any issues that may arise.

We are committed to upholding ethical and responsible marketplace practices by practising transparent business conduct and operating our business with integrity and a commitment to excellence to improve our competitiveness and foster long-term relations with our stakeholders.

- **Product Responsibility**

  We are committed to providing products that meet regulatory, safety and health and quality standards to fulfil customers' requirements and ensure that our suppliers share the same philosophy. The quality management system we have in place is designed to monitor and control the processes from planning and development to production and after-sales service in order to comply with all the stipulated standards. Our steel products are used mainly in the construction and infrastructure sectors, and are manufactured to the highest standards, and have received certification from SIRIM Malaysia, UK Certification Authority, Australian Certification Authority and TUV Nord Germany among others.

- **Customer Satisfaction**

  Customer support and loyalty is critical to the success of our business. Hence, we strive to put customers at the forefront of everything we do whilst we aim to provide quality products and premium, value-adding services to our customers. Product knowledge and service skills training are part of our routine training programmes to ensure that our employees provide excellent quality services to our customers. We place high priority on customer engagement and interaction with various customer feedback channels to further improve on our customer service and achieving customer satisfaction.

- **Supply Chain and Responsible Procurement Practices**

  Our procurement department ensures that we engage in responsible procurement practices which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to the Code of Conduct. Vendors' qualification/credentials are carefully vetted before being admitted into our list of qualified suppliers. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner is sought through performing audits and making continuous improvements in our procurement processes and policies. We believe local sourcing of products and services from within the country as far as possible, is vital as it brings many advantages including lower costs, timely delivery and invigorating the economy.

- **Vendor Code of Conduct**

  This serves as a guideline prescribing a set of principles to be adhered by all vendors and to inform our vendors of their role and contribution as a key business partner and on the need to comply with all rules and regulations including health and safety standards, and labour standards; avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance.

- **Employee Code of Conduct**

  We apprise our employees on the Group's CoBEC and ABC policy, and the need to conduct business at the highest ethical standards. We do not tolerate bribery and corrupt practices or behaviours that may bring disrepute to the Group or its employees. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group. To ensure that all executive employees understand and uphold high ethical standards of conduct, they are required to submit their Conflict of Interest and Compliance Declaration annually. As outlined in our CoBEC, any forms of discrimination in the workplace are prohibited and every individual has an equal right and opportunity to speak up. Fair treatment and equitable opportunities are given to all employees regardless of their background.

- **Whistleblower Policy**

  We are committed to conducting our affairs in an ethical, responsible and transparent manner. To this effect, we encourage our stakeholders to disclose suspected wrongdoings which may involve or concern our Group's directors, management, employees, performance, relations with other stakeholders, assets and reputation. Whistleblowers will be accorded protection of their identity unless the disclosure is required by any applicable law.

  All concerns may be communicated to the Chief Internal Auditor of the Group via telephone call, mail, email and/or facsimile, as follows:

  Tel/Fax No. : 03-21423142
  Email : whistleblower@lion.com.my
  Address : Level 12, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan

- **System Efficiency**

  We strive to achieve the highest efficiency in our business operating systems and technology to support our daily business activities across the Group. We leverage on technology to connect with our subsidiaries, business partners and customers through online conferencing, emails, mobile and web-based communications.

  The COVID-19 pandemic has changed our working environment and approach whereby we have emphasised more on cloud computing, mobile technology and secure virtual network to enable the business to perform remotely without interruption during lockdown restrictions.

As part of our overall strategy to create a solid cyber security culture and keep up with advancing cyber threats, it is mandatory for all employees to undergo and complete e-learning on cyber security with a self-assessment on their level of understanding on the matter. We also regularly organise awareness programmes to ensure that all employees are aware and updated on emerging risks that may compromise our business and IT systems.

- **Privacy and Data Protection**

  We continuously strive to ensure the confidentiality and protection of customers' and stakeholders' information and documents based on requirements under the Personal Data Protection Act 2010. Information on our vendors, suppliers and customers is strictly private and confidential, and is treated as such at all times.

Workplace

We recognise our employees as key assets, hence managing talent at all levels is a key priority. Our Human Resource (HR) policies and guidelines comply with all relevant legislations and have been designed to ensure that our workplace embraces diversity, inclusion, equality and innovation. As part of our commitment to maintain our employee diversity, we have an open-door policy with regard to persons with disabilities.

The Group's efforts to attract, develop, motivate and retain its employees are pursued within the ambit of 6 HR strategic focus areas:

- **Talent Attraction and Management**

  We assess applicants for employment in our Group of Companies based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements. Lion-Parkson Foundation scholarship programme builds a healthy pipeline of talent for our businesses.

  We take stock of talent requirements for our businesses to allow high-potential employees the opportunities to be developed and progressed to senior and challenging roles at the Company and Group level. This will also serve to retain and cross-pollinate key talents within the Group.

- **Capability Building**

  We provide learning and development opportunities in respect of technical, functional and behaviour competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal class training or online and continuing education. We encourage and support employees to participate in upskilling courses related to their work scope and obtain skill certification for wider job coverage.

- **Rewards and Performance**

  We review and implement remuneration practices that are externally competitive and internally fair and equitable. Our reward process is closely linked to performance management process; our employees can expect to receive salary adjustments and bonus awards which directly relate to their performance and contributions.

- **HR Operational Excellence**

  We continue to streamline, standardise and simplify our HR policies and processes in line with the requirements of our global organisation. We trust that with our LionPeople Global HR Information System (HRIS), it will take our people management agenda to the next level.

- **Safety & Health in the Workplace**

  The safety and health of our employees is vital to our businesses, hence the Group subscribes to the safety, health and environmental regulations with a systematic approach reinforced by constant training and monitoring to ensure the safety and wellbeing of our employees. Workplace incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence.

In compliance with legal requirements such as the Occupational Safety and Health Act, Factories and Machineries Act, Electricity Act 1990, Gas and other related regulations, we have in place our Safety and Health Standard Operating Procedures. Compliance with the safe work practices stated in these standard operating procedures is the primary responsibility of all employees, contractors and consultants performing their duties at our premises.

Our plant employees and visitors to the plant are equipped with the necessary safety and protective wear. Employees who are exposed to noise are provided with personal hearing protectors and required to undergo an audiometric test annually to ensure their wellbeing.

We have established the Emergency Response Team ("ERT") in our plants to prepare for and respond to any emergency incident, such as occupational incidents, natural disasters or interruption of business operations. Our ERT members are well trained on safety awareness and preparedness in everyday situations. Training is organised regularly for the members on the use of various types of fire extinguishers and hose reel, first aid i.e. CPR and injury management, shutdown and evacuation procedures. Safety campaigns are held to remind and refresh the staff on safety awareness and related issues.

- **Employee Engagement and Wellbeing**

  We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town-halls, "lunch & learn", festive open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees leading to a healthy work-life balance which proves to be an important factor for recruitment and retention of employees. However, such physical interactions have been halted during this period in view of the COVID-19 pandemic.

  The Group has put in place various precautionary measures recommended by the Ministry of Health. The requirements include strict site protocols for hygiene and social distancing; cleaning and disinfecting workplaces; temperature screening and contact tracing record at all entrances; providing face masks to employees as well as hand sanitisers to employees and visitors to our offices and premises. We have also reduced non-essential travel and meetings are mainly conducted via video conferencing technology.

  The Group has started to utilise online platforms and organise Bite-sized Learning Sessions with topics that are short and impactful, based on issues affecting the current business environment, and received positive feedback on the usefulness of information shared during these sessions.

ENVIRONMENT

The Group remains steadfast in its commitment to sustainable development and seeks to operate in a way that minimises environmental harm. We advocate the 3R actions of reduce, reuse and recycle at our workplace, and adopt preventative measures to conserve the environment and reduce pollution. We seek to uphold environmental concerns with emphasis on application of new technologies and industry best practices that are environmentally friendly, optimise the use of resources and promote energy efficiency and we are committed in taking proactive measures to preserve the environment for future generations whilst meeting the needs of our stakeholders.

- **Efficient Energy & Water Consumption**

  Our steel manufacturing plants are certified under ISO14001 Environmental Management System and Energy Commission Act 2001 (Energy Management Practices) which is testament of our commitment to prevention of pollution, continual improvement in overall environmental performance, and compliance with all applicable statutory and regulatory requirements. This includes managing and reducing the impacts arising from operational activities over which we have direct control such as energy and water consumption. We recognise water as a scarce resource, and we carefully manage our water usage.

- **Promoting Green and Environmental Friendly Products**

  We constantly explore greener alternatives in our day-to-day operations such as introduction of more efficient and energy-saving products and processes, solar photovoltaic technology and 5S management techniques in our operations. To support our policy commitment, various environmental awareness activities such as Gotong Royong by the staff to clean the premises and surroundings were carried out. Initiatives by our property projects include landscaping with lush greenery and facilities to promote a green environment. We have introduced urban farming in our project to encourage community gardening which provides space for residents to cultivate plants for food and/or recreation.

- **Air Monitoring**

  We have air quality monitoring programmes in place to ensure compliance with the emission limits as required by the ISO14001 Environmental Management System audit, and to minimise the impact of our manufacturing activities on the ambient air quality. The Total Suspended Particulates (TSP) for the chimney units in our steel mills are monitored quarterly with readings ranging between 1 to 25 mg/m3, which is below 50 mg/m3 as specified in the Environmental Quality (Clean Air) Regulations 2014, whilst the TSP for ambient air monitoring is monitored yearly with the data recorded ranging from 103 to 213 µg/m3, below the 260 µg/m3 stated in Malaysia Recommended Air Quality Guidelines.

- **Boundary Noise Monitoring**

  Boundary noise monitoring is conducted once a year. Similar to ambient air monitoring, even though both monitorings are not a requirement by the authorities, we believe these practices will help us serve our stakeholders in maintaining environmental sustainability.

- **Chemical Management**

  We ensure that occurrences such as chemical spills and leakages do not take place at our plants. We comply with the legal requirements of Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemical) Regulations 2013, as well as the implementation of best management practices to mitigate pollution. For FPE 2021, we recorded zero incidences of major chemical spillage at our plants.

- **Waste Management**

  We minimise the generation of waste wherever possible. At our plants, we practise the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable waste in accordance with the Solid Waste and Public Cleansing Management Act 2007. We also generate scheduled wastes which are managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Scheduled wastes generated are properly stored, labelled and disposed when they reach a certain quantity or duration.

  The steel industry generates two types of waste as follows:

  a) Solid waste: Domestic waste
  b) Scheduled wastes: Dust, used oil, used grease, contaminated fabrics, used chemical drums, electronic waste, used batteries and clinical waste

SOCIAL

In keeping with its philosophy of giving back to the community, the Group focuses on helping to uplift the community via Lion-Parkson Foundation (the "Foundation") established in 1990 by Lion Group of Companies of which the Group is a member. The companies within the Group are also supporting the local community wherein they operate by participating in charity programmes and fundraising drives to assist those in need.

Empowerment through Education

The Foundation organises fundraising activities for charity and provides educational opportunities for the less fortunate. The true sustainability of our project lies in the on-going transformation of peoples' lives through the benefits of education. We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better for our future generations.

Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group companies during their semester breaks to prepare them for working in the corporate world. In the FPE2021, the Foundation awarded scholarships worth RM10,000 per annum to 22 students based on their academic performance, extra-curricular activities and leadership qualities. Todate, the Foundation has sponsored a total of 491 students under its scholarship and other sponsorship programmes worth RM11.6 million.

Among the events organised by the Foundation is the annual Chinese New Year ("CNY") Calligraphy Charity Sale in aid of needy students in a few schools in the Klang Valley. For the 12 years from 2010 to 2021, the CNY Calligraphy Charity Sale had raised more than RM2.6 million to assist needy students in these schools.

Home for Special Children

The Foundation had built a home for Handicapped & Mentally Disabled Children in Banting, which was opened in November 2012 and has recently completed the expansion of the Home to include an old folks home.

Medical Assistance for the Less Fortunate

In reaching out to a broad and diverse cross-section of beneficiaries irrespective of race or religion, the Foundation also provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery as well as purchase of medical equipment and medication. The Foundation is also assisting organisations that are geared towards helping the less fortunate to achieve a better life, including sponsoring community health programmes such as medical camps and donation of dialysis machines.

As of 31 December 2021, approximately RM9.78 million has been disbursed in the form of sponsorship for medical treatment to 1,044 individuals including purchase of equipment and medication for needy Malaysians, purchase of medicine for medical camps, and medical equipment for hospitals as well as dialysis machines for dialysis centres operated by National Kidney Foundation of Malaysia and Non-Governmental Organisations (NGOs) to provide subsidised treatment to those suffering from kidney failure.

Other Charitable Causes

During these challenging times, the Foundation and companies under the Group have been contributing funds and essential medical equipment to charitable organisations and hospitals in support of our healthcare system and responded to appeals for donations in aid of the needy.

STAKEHOLDER ENGAGEMENT

Stakeholders engagement is imperative in understanding their expectations. We recognise that stakeholder expectation, assessment and feedback are an integral part of our sustainability strategy and initiatives, and we are continuously improving our stakeholder engagement approach via various communication channels.

Stakeholder Group	Stakeholders Expectation	Communication Channel/Platform
Employees	• Learning and development • Respect and recognition • Job satisfaction • Pay and benefits	• Meetings • Training programmes • Internal newsletter • New employee induction programme • Staff gatherings and other engagement channels
Customers	• Convenience and experience • Engaging, knowledgeable personnel	• Face-to-face interaction through service channels • Communication through Customer Service Department and Corporate Communications Department • Feedback through website, e-mail, social media platform • Sales, promotions, road shows and related events
Suppliers/Vendors	• Long term partnership • Financial resilience • Sustainable business growth • Experienced management team	• Liaison with suppliers before sourcing and engaging with contract managers • Meetings, business alliance events/ meetings • Vendor service/support channel
Shareholders and investors	• Good governance • Sustainable business growth • Disclosure and transparency	• Investor relations channel and meetings • Annual General Meeting • Quarterly reports, Annual Report, media releases
Government and regulators	• Regulatory compliance	• Meetings, visits and events • Consultative and statutory reporting
Local communities	• Responsible corporate citizen • Support for social causes	• Activities and sponsorships organised by the Company and Lion-Parkson Foundation
Media	• Response to media enquiries and requests for interviews • Long term engagement	• Media releases and interviews • Advertisements
Industry Associations	• Support for mutual interests	• Meetings and events

FINANCIAL STATEMENTS
2021
For The Financial Period Ended 31 December 2021

DIRECTORS' REPORT

The Directors of **LION INDUSTRIES CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and property development.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company is disclosed in Note 42 to the financial statements.

CHANGE OF FINANCIAL YEAR END

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

RESULTS

The results of the Group and of the Company for the financial period are as follows:

	The Group RM'000	The Company RM'000
Profit/(Loss) for the period	539,241	(1,582)
Profit attributable to:		
Owners of the Company	494,990	
Non-controlling interests	44,251	
	539,241	

In the opinion of the Directors, the results of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature other than, in respect of the Group, the gain on settlement of secured debts of RM193,061,000 and the gain on disposal of investment in a subsidiary company of RM440,547,000, as disclosed in Note 17 of the financial statements.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any payment of dividend in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial period.

TREASURY SHARES

As of 31 December 2021, the Company held 37,105,300 treasury shares at a carrying amount of RM13,192,722 as disclosed in Note 28 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

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

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

(a) which would render the amount 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

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

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liability of any other person; and

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial period in which this report is made, other than those disclosed in Note 41 to the financial statements.

DIRECTORS

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

Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
Tan Sri Cheng Yong Kim
Dato' Nik Rahmat bin Nik Taib
Yap Soo Har
Cheng Hui Ya, Serena
Dato' Kamaruddin @ Abas bin Nordin (passed away on 14 April 2021)

LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

The Directors who held office in the subsidiary companies of the Company during the financial period and up to the date of this report are:

Chai Voon Choy
Chen Xian Ping
Cheng Hui Ya, Serena
Cheng Hui Yen, Natalie
Cheng Theng How
Cheng Toek Waa
Cheng Yong Liang
Chuah Say Chin
Dato' Eow Kwan Hoong
Dato' Teoh Teik Jin
Dr Folk Jee Yoong
Goh Kok Beng
Haji Mohamad Khalid bin Abdullah
Hu Li Ke
Hu Qing Guo
Jiang Hong Xin
Juliana Cheng San San
Koh Yong Heng
Koo Chuan Hong
Lee Boon Liang
Lee Khian Lai
Lee Whay Keong
Liu Cheng Xu
Ong Kek Seng
Ooi Kim Lai
Poon Sow Har
Sun Li Zhong
Tan Sri Cheng Heng Jem
Tan Sri Cheng Yong Kim
Tan Sri Dato' Abd Karim bin Shaikh Munisar
Teoh Lean Keat
Wang Wing Ying
Wong Pak Yii (appointed on 31 December 2020)
Yeo Keng Leong (appointed on 16 December 2021)

Chan Ho Wai (resigned with effect from 31 December 2020)
Khor Toong Yee (resigned with effect from 16 December 2021)
Pang Fook Fah (resigned with effect from 10 December 2021)
Dato' Kamaruddin @ Abas bin Nordin (passed away on 14 April 2021)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial period are as follows:

	Number of ordinary shares			
	As of 1.7.2020	**Additions**	**Disposals**	**As of 31.12.2021**
Direct interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	100,000	–	–	**100,000**
Tan Sri Cheng Yong Kim	11,428,289	–	–	**11,428,289**
Deemed interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	100,000	–	–	**100,000**
Tan Sri Cheng Yong Kim	74,745,649	–	–	**74,745,649**

The shareholdings in the related corporations during and at the end of the financial period of those who were Directors in office at the end of the financial period are as follows:

	Number of ordinary shares			
	As of 1.7.2020	**Additions**	**Disposals**	**As of 31.12.2021**
Tan Sri Cheng Yong Kim				
Direct interest				
Lion Posim Berhad	130	–	–	**130**
Deemed interest				
Lion Posim Berhad	2,059	–	–	**2,059**

Other than as disclosed above, none of the other Directors in office at the end of the financial period had any interests in shares in the Company or its related corporations during and at the end of the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Note 7 to the financial statements) 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 save and except for any benefit which may be deemed to have arisen by virtue of the balances and transactions between the Company and its related companies and certain companies in which a Director of the Company has interest as disclosed in Note 35 to the financial statements.

During and at the end of the financial period, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability insurance up to an aggregate limit of RM50,000,000 against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

There were no indemnity given to or insurance effected for the auditors of the Group and the Company in accordance with Section 289 of the Companies Act 2016.

SIGNIFICANT EVENTS

Significant events of the Group are disclosed in Note 40 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events of the Group are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The remuneration of the auditors for the period ended 31 December 2021 is as disclosed in Note 6 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI CHENG YONG KIM

CHENG HUI YA, SERENA

26 April 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LION INDUSTRIES CORPORATION BERHAD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **LION INDUSTRIES CORPORATION BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the 18-month financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 184.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the 18-month financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

The Group's investment in Parkson Holdings Berhad ("Parkson"), an associate company and accounted for by the equity method, is carried at RM438,519,000 on the statement of financial position of the Group as at 31 December 2021, and the Group's share of losses from Parkson of RM52,386,000 is included in the profit or loss of the Group for the financial period then ended.

The audit opinion of the component auditor in respect of Parkson's consolidated financial statements for the 18-month financial period ended 31 December 2021 is qualified due to a limitation of scope as the component auditor were unable to obtain sufficient appropriate audit evidence regarding the financial impact arising from a subsidiary company of Parkson that was deconsolidated during the financial period. Consequently, we were unable to determine whether any adjustments that might have been found necessary in respect of the carrying value of Parkson as at 31 December 2021 and the Group's share of losses from Parkson recognised for the current financial period then ended.

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 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 qualified opinion.

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 period. 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. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How the scope of our audit responded to the key audit matter
Impairment of property, plant and equipment of Banting and Johor Steel Plants The Group's statement of financial position includes property, plant and equipment of RM848,433,000, of which RM721,494,000 represents assets located at manufacturing plant in Banting and Johor (collectively referred as "Plants") within the Steel segment. As required by IAS 36 *Impairment of Asset*, management performed an impairment assessment for indicators of impairment as at 31 December 2021. Where such indicators were identified, management estimated the recoverable amount of these Plants to determine if any impairment charges were required. During the financial period ended 31 December 2021, the Group recognised impairment losses of RM23,168,000 (30.6.2020: RM8,930,000) in relation to these Plants. The impairment of these Plants is considered a key audit matter as significant judgement and estimates are required to be exercised by the management when determining the recoverable amount of the Plants for impairment assessment. The significant judgement and estimates made by the management and details of the impairment is disclosed in Note 4(ii)(e) and Note 12 to the financial statements.	Our audit procedures to address this area included, among others: • Inquired management about future business plans for the Plants and evaluated the possible financial impact on the realisation of the Plants. • Performed a physical inspection of the Plants to ensure the existence and condition of the Plants. • Assessed the competency, capabilities and objectivity of the independent valuers engaged by the Group to determine the market value of the Plants on the determination of the recoverable amount of the Plants. • Compared the carrying amount of the Plants against the values determined by the independent valuers to evaluate the determination of the recoverable amounts and challenged the variables and assumptions used in the valuations. We have used Deloitte specialists where applicable.

(Forward)

<table>
<tr><th>Key audit matters</th><th>How the scope of our audit responded to the key audit matter</th></tr>
<tr><td>

<u>**Impairment of investment properties of Cambodia land**</u>

As at 31 December 2021, the carrying amount of the investment properties of the Group held at cost amounted to RM108,452,000, representing 6% and 3% of the Group's total non-current assets and total assets respectively. Included in the investment properties of the Group are freehold land, leasehold land and economic land concessions in Cambodia amounting to USD25,897,983, equivalent to RM107,956,000.

The impairment of investment properties is considered a key audit matter in view that significant judgement and estimates are required to be exercised by the management when determining the recoverable amount of the investment properties for impairment assessment.

The significant judgement and estimates made by the management is disclosed in Note 4(i)(b) and Note 13 to the financial statements.

</td><td>

Our audit procedures to address this area included, among others:

- Obtained updates on the understanding of impairment assessment process, evaluated the design and implementation of the relevant controls surrounding impairment assessment on investment properties;
- Obtained and evaluated the management assessment in determining the recoverable amount of the investment properties;
- Obtained the independent valuation reports for the land and economic land concessions ("ELCs") and compared to management's assessment;
- Assessed the competency, capabilities and objectivity of the valuers and challenged the assumptions and methodology used in the valuations by engaging with internal valuation specialist for concurrence of assessment;
- Obtained and understood the agreements or other relevant documents relating to the conversion of leasehold land and granting of ELCs;
- Performed retrospective review of management's plans to convert the ELCs to leasehold land;
- Held discussion with independent valuers on the valuation and challenged the basis of determining the value of freehold land, leasehold land and ELCs and impact of Covid-19 on the valuation of these properties;
- Evaluated management's plan to realise the freehold land, leasehold land and ELCs and reviewed subsequent events regarding changes in land title status and sales negotiations; and
- Assessed the adequacy and appropriateness of the disclosures in the financial statements

</td></tr>
</table>

(Forward)

<table>
<tr><th>Key audit matters</th><th>How the scope of our audit responded to the key audit matter</th></tr>
<tr><td><u>Accounting of debt settlement for amount owing by Graimpi Sdn Bhd (“Graimpi”) and Lion DRI Sdn Bhd (“Lion DRI”) in exchange for equity stake in Well Morning Limited (“Well Morning”)</u>

On 30 December 2020, the Group had acquired 100% equity interest in Well Morning as settlement of the secured debts owing by Graimpi and Lion DRI to Posim Marketing Sdn Bhd, a wholly-owned subsidiary company of Lion Posim Berhad, Lion Waterway Sdn Bhd and Antara Steel Mills Sdn Bhd. The Group recorded a gain amounting to RM193,061,000 on the secured debts settlement. Thereafter, Well Morning and its only wholly-owned subsidiary company, Changshu Lion Enterprise Co Ltd, became subsidiary companies of the Group.

The acquisition for the Well Morning and its subsidiary company (collectively known as “Well Morning Group”) as settlement is considered as a key audit matter due to the magnitude of the transaction and it is a transaction with a related party. The details are disclosed in Note 4(i)(a) and Note 17 to the financial statements.</td><td>

Our audit procedures to address this area included, among others:

• Obtained understanding of the transaction, evaluated the design and implementation of the relevant controls surrounding accounting treatment of the debt settlement and acquisition of Well Morning group;

• Obtained and evaluated the board of director resolutions, meeting minutes and secured creditors agreement;

• Obtained, reviewed and challenged the supporting evidence on the fair value of identifiable assets acquired and liabilities assumed of Well Morning Group in the goodwill computation;

• Verified the subsequent dividends received from Well Morning to the bank statements for the subsequent recovery of cash; and

• Assessed the adequacy and appropriateness of disclosures in the financial statements.</td></tr>
</table>

We have determined that there are no key audit matters in the audit of the financial statements of the Company to communicate in our auditors’ report.

(Forward)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the carrying amount and share of losses from the associated company in accordance with MFRS 128 *Investment in Associate and Joint Venture*. Accordingly, we are unable to conclude whether or not that the results for the period as disclosed in the Directors' Report is materially misstated with respect to this matter.

Responsibility of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

(a) the subsidiary companies of which we have not acted as auditors, are disclosed in Note 42 to the financial statements.

(b) in our opinion, we have not obtained all the information and explanations that we required in respect of the matter as described in the Basis for Qualified Opinion section above.

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 towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

DATUK LIM CHU GUAN
Partner - 03296/03/2023 J
Chartered Accountant

26 April 2022

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Note	The Group 1.7.2020 to 31.12.2021 RM'000	The Group 1.7.2019 to 30.6.2020 RM'000	The Company 1.7.2020 to 31.12.2021 RM'000	The Company 1.7.2019 to 30.6.2020 RM'000
Revenue	5	**3,937,446**	2,318,470	**27,292**	–
Other income		**255,481**	54,972	**217**	15,083
Net changes in inventories		**116,852**	(67,721)	**–**	–
Raw materials and consumables used		**(3,397,701)**	(2,008,893)	**–**	–
Purchase of trading merchandise		**(378,706)**	(123,992)	**–**	–
Cost of completed units sold		**(776)**	(412)	**–**	–
Staff costs	6	**(221,990)**	(148,124)	**(708)**	(318)
Directors' remuneration	7	**(2,282)**	(1,345)	**(2,105)**	(1,226)
Investment income	8	**10,281**	8,595	**739**	841
Finance costs	9	**(31,278)**	(27,942)	**(941)**	(667)
Depreciation of property, plant and equipment	12	**(105,208)**	(86,392)	**(208)**	(166)
Depreciation of investment properties	13	**(108)**	(69)	**–**	–
Amortisation of prepaid land lease payments	14	**(6,723)**	(1,544)	**–**	–
Depreciation of right-of-use assets	15	**(23,648)**	(17,203)	**(94)**	(63)
Other expenses		**(164,066)**	(160,286)	**(21,595)**	(1,530)
(Loss)/Profit from operations	6	**(12,426)**	(261,886)	**2,597**	11,954
Share of results of:					
Associated companies	18	**(50,938)**	(115,169)	**–**	–
Joint venture	19	**40**	31	**–**	–
Gain on settlement of secured debts	17(a)	**193,061**	–	**–**	–
Gain on disposal of investment in a subsidiary company	17(b)	**440,547**	–	**(4,169)**	–
Profit/(Loss) before tax		**570,284**	(377,024)	**(1,572)**	11,954
Tax (expense)/credit	10	**(31,043)**	(6,146)	**(10)**	16
Profit/(Loss) for the period/year		**539,241**	(383,170)	**(1,582)**	11,970
Profit/(Loss) attributable to:					
Owners of the Company		**494,990**	(390,533)	**(1,582)**	11,970
Non-controlling interests		**44,251**	7,363	**–**	–
		539,241	(383,170)	**(1,582)**	11,970
Earnings/(Loss) per ordinary share attributable to owners of the Company (sen):					
Basic	11	**72.71**	(57.36)		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Profit/(Loss) for the period/year	**539,241**	(383,170)	**(1,582)**	11,970
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	**13,585**	3,519	**–**	–
Share of other comprehensive income/(loss) of associated companies	**59,059**	(34,255)	**–**	–
Other comprehensive income/(loss) for the period/year, net of tax	**72,644**	(30,736)	**–**	–
Total comprehensive income/(loss) for the period/year	**611,885**	(413,906)	**(1,582)**	11,970
Total comprehensive income/(loss) attributable to:				
Owners of the Company	**561,973**	(422,316)	**(1,582)**	11,970
Non-controlling interests	**49,912**	8,410	**–**	–
	611,885	(413,906)	**(1,582)**	11,970

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	The Group 31.12.2021 RM'000	The Group 30.6.2020 RM'000	The Company 31.12.2021 RM'000	The Company 30.6.2020 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	**848,433**	399,243	**287**	495
Investment properties	13	**110,119**	113,001	**–**	–
Prepaid land lease payments	14	**51,705**	40,485	**–**	–
Right-of-use assets	15	**18,850**	50,027	**93**	84
Land held for property development	16(a)	**50,964**	50,885	**26**	26
Investment in subsidiary companies	17	**–**	–	**743,333**	751,034
Investment in associated companies	18	**485,826**	475,365	**64,394**	79,833
Investment in joint venture	19	**71**	31	**–**	–
Long-term investments	20	**599**	611	**216**	216
Other receivable	35	**13,000**	–	**–**	–
Deferred tax assets	21	**8,435**	48,133	**–**	–
Goodwill	22	**130,443**	130,443	**–**	–
Total Non-Current Assets		**1,718,445**	1,308,224	**808,349**	831,688
Current Assets					
Property development costs	16(b)	**15,573**	12,022	**–**	–
Inventories	23	**329,641**	375,498	**43**	43
Trade receivables	24(a)	**259,318**	253,303	**–**	–
Other receivables, deposits and prepayments	24(b)	**461,322**	215,936	**3,844**	4,347
Amount owing by subsidiary companies	25	**–**	–	**621,561**	618,824
Investment in money market funds	26(a)	**2,417**	17,469	**–**	–
Deposits, cash and bank balances	26(b)	**726,062**	333,517	**8,231**	10,638
Total Current Assets		**1,794,333**	1,207,745	**633,679**	633,852
Total Assets		**3,512,778**	2,515,969	**1,442,028**	1,465,540

(Forward)

	Note	The Group 31.12.2021 RM'000	The Group 30.6.2020 RM'000	The Company 31.12.2021 RM'000	The Company 30.6.2020 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	27	**1,250,536**	1,250,536	**1,250,536**	1,250,536
Reserves	28	**563,022**	1,049	**11,328**	12,910
Equity attributable to owners of the Company		**1,813,558**	1,251,585	**1,261,864**	1,263,446
Non-controlling interests	17	**225,147**	175,235	**–**	–
Total Equity		**2,038,705**	1,426,820	**1,261,864**	1,263,446
Non-Current and Deferred Liabilities					
Loans and borrowings	29	**47,808**	48,001	**–**	–
Lease liabilities	30	**14,524**	20,123	**44**	22
Deferred payables	33	**323,725**	–	**–**	–
Deferred tax liabilities	21	**3,770**	3,919	**–**	–
Total Non-Current and Deferred Liabilities		**389,827**	72,043	**44**	22
Current Liabilities					
Trade payables	31(a)	**486,347**	430,943	**166**	166
Other payables, deposits and accrued expenses	31(b)	**346,818**	430,073	**1,021**	900
Contract liabilities	31(c)	**24,405**	18,509	**–**	–
Provisions	32	**–**	3,473	**–**	–
Advance billings of property development projects		**20**	20	**–**	–
Amount owing to subsidiary companies	25	**–**	–	**169,172**	191,357
Loans and borrowings	29	**134,403**	115,604	**9,712**	9,584
Lease liabilities	30	**4,621**	13,996	**49**	65
Deferred payables	33	**70,000**	–	**–**	–
Tax liabilities		**17,632**	4,488	**–**	–
Total Current Liabilities		**1,084,246**	1,017,106	**180,120**	202,072
Total Liabilities		**1,474,073**	1,089,149	**180,164**	202,094
Total Equity and Liabilities		**3,512,778**	2,515,969	**1,442,028**	1,465,540

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

The Group		← Non-distributable reserves →			Distributable	Attributable		
	Share capital RM'000	Treasury shares RM'000	Translation adjustment reserve RM'000	Capital reserve RM'000	reserve – Retained earnings RM'000	to owners of the Company RM'000	Non–controlling interests RM'000	Total equity RM'000
As of 1 July 2019	1,250,536	(13,193)	16,692	(66,658)	486,524	1,673,901	171,738	1,845,639
(Loss)/Profit for the year	–	–	–	–	(390,533)	(390,533)	7,363	(383,170)
Other comprehensive (loss)/income	–	–	2,472	(34,255)	–	(31,783)	1,047	(30,736)
Total comprehensive (loss)/income for the year	–	–	2,472	(34,255)	(390,533)	(422,316)	8,410	(413,906)
Dividend paid to non-controlling interests of a subsidiary company	–	–	–	–	–	–	(4,913)	(4,913)
As of 30 June 2020	1,250,536	(13,193)	19,164	(100,913)	95,991	1,251,585	175,235	1,426,820

(Forward)

The Group

		← Non-distributable reserves →			Distributable	Attributable		
	Share capital RM'000	Treasury shares RM'000	Translation adjustment reserve RM'000	Capital reserve RM'000	reserve – Retained earnings RM'000	to owners of the Company RM'000	Non–controlling interests RM'000	Total equity RM'000
As of 1 July 2020	1,250,536	(13,193)	19,164	(100,913)	95,991	1,251,585	175,235	1,426,820
Profit for the period	–	–	–	–	494,990	494,990	44,251	539,241
Other comprehensive income	–	–	7,924	59,059	–	66,983	5,661	72,644
Total comprehensive income for the period	–	–	7,924	59,059	494,990	561,973	49,912	611,885
Transfer of reserve	–	–	11,218	–	(11,218)	–	–	–
As of 31 December 2021	**1,250,536**	**(13,193)**	**38,306**	**(41,854)**	**579,763**	**1,813,558**	**225,147**	**2,038,705**

(Forward)

The Company

	Share capital RM'000	← Non-distributable reserves → Treasury shares RM'000	Capital reserve RM'000	Distributable reserve – Retained earnings RM'000	Total equity RM'000
As of 1 July 2019	1,250,536	(13,193)	5,419	8,714	1,251,476
Profit for the year	–	–	–	11,970	11,970
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	11,970	11,970
As of 30 June 2020	1,250,536	(13,193)	5,419	20,684	1,263,446
As of 1 July 2020	1,250,536	(13,193)	5,419	20,684	1,263,446
Loss for the period	–	–	–	(1,582)	(1,582)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss for the period	–	–	–	(1,582)	(1,582)
As of 31 December 2021	**1,250,536**	**(13,193)**	**5,419**	**19,102**	**1,261,864**

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2021

The Group	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) for the period/year		**539,241**	(383,170)
Adjustments for:			
Depreciation of property, plant and equipment	12	**105,208**	86,392
Tax expenses recognised in profit or loss		**31,043**	6,146
Finance costs	9	**31,278**	27,942
Allowance for obsolescence of inventories	23	**1,540**	9,956
Inventories written (back)/down		**(14,400)**	35,546
Unrealised gain on foreign exchange	6	**(140)**	(525)
Impairment losses on:			
Trade and other receivables	24	**9,542**	14,518
Property, plant and equipment	12	**23,776**	8,930
Prepaid land lease payments	14	**514**	–
Amortisation of prepaid land lease payments	14	**6,723**	1,544
Depreciation of right-of-use assets	15	**23,648**	17,203
Property, plant and equipment written off	12	**102**	656
Fair value loss on long-term investments		**5,512**	617
Depreciation of investment properties	13	**108**	69
Share of results of:			
Associated companies		**50,938**	115,169
Joint venture		**(40)**	(31)
Investment income		**(10,430)**	(8,912)
Impairment losses no longer required for:			
Trade and other receivables		**(6,430)**	(36,025)
Investment properties	13	**–**	(592)
Long-term investments	20	**(1,756)**	–
Gain on disposal of property, plant and equipment		**(704)**	(159)
Gain on disposal of a subsidiary company	17(b)	**(440,547)**	–
Gain on settlement of secured debts	17(a)	**(193,061)**	–
Remeasurement of finance lease payables		**–**	(3,934)
Operating Profit/(Loss) Before Working Capital Changes		**161,665**	(108,660)
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		**(301,449)**	112,578
Trade and other receivables, deposits and prepayments		**(190,675)**	(9,782)
Property development costs		**(3,551)**	(107)
Increase in:			
Trade and other payables, deposits and accrued expenses		**192,082**	26,591
Cash (Used In)/Generated From Operations		**(141,928)**	20,620
Tax paid		**(3,353)**	(5,870)
Tax refunded		**–**	1,500
Net Cash (Used In)/From Operating Activities		**(145,281)**	16,250

(Forward)

The Group	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from associated companies and joint venture		**1,407**	456
Decrease in investment in money market funds		**15,052**	(543)
Investment income received		**10,430**	8,912
Proceeds from disposal of:			
Property, plant and equipment		**1,319**	651
Investment in a subsidiary company	17(b)	**577,281**	–
Proceeds from redemption of investments		**4,756**	–
Additions to property, plant and equipment		**(207,002)**	(18,770)
Additions of investment		**(8,500)**	–
Additions of investment properties		**(139)**	–
Additions of prepaid land lease payments		**(3,822)**	–
Net cash inflow from acquisition of subsidiary companies	17(a)	**174,232**	–
Increase in land held for property development		**(79)**	(176)
Net Cash From/(Used In) Investing Activities		**564,935**	(9,470)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Increase in cash and cash equivalents - restricted		**72,358**	(95,237)
Repayments of:			
Short-term borrowings	29(b)	**(6,855)**	(2,018)
Finance lease liabilities	29(b)	**(8,048)**	(2,042)
Lease liabilities	30	**(26,500)**	(20,233)
Hire-purchase obligations	29(b)	**(397)**	(315)
Interest and profit element paid		**(31,278)**	(25,350)
Dividend paid to non-controlling interests of a subsidiary company		**–**	(4,913)
Proceeds from borrowings		**43,000**	–
Increase in amount owing to an associated company		**–**	1,000
Net Cash From/(Used In) Financing Activities		**42,280**	(149,108)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**461,934**	(142,328)
Effect of foreign exchange differences		**12,157**	153
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		**219,228**	361,403
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	34	**693,319**	219,228

Note:

Additions to:

Property, plant and equipment were acquired by the following mean:			
Cash purchase		**207,002**	18,770
Hire purchase payables		**94**	305
Deferred payables	33	**393,725**	–
Total additions of property, plant and equipment	12	**600,821**	19,075

(Forward)

The Company	**Note**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the period/year		**(1,582)**	11,970
Adjustments for:			
Impairment losses no longer required on:			
Other receivables	24	**(82)**	(5)
Amount owing by subsidiary companies	25	**(51)**	–
Finance costs	9	**941**	667
Bad debt written off		**12**	–
Deposit written off		**3**	–
Depreciation of:			
Property, plant and equipment	12	**208**	166
Right-of-use assets	15	**94**	63
Tax expense/(credit) recognised in profit or loss		**10**	(16)
Impairment losses on:			
Amount owing by subsidiary companies	25	**1,771**	7
Other investments	20	**–**	184
Investment in subsidiary companies	17	**3,598**	–
Investment in associated companies	18	**15,439**	–
Unrealised gain on foreign exchange	6	**(8)**	(7)
(Gain)/Loss on disposal of:			
Property, plant and equipment		**–**	1
Right-of-use assets		**(4)**	–
Investment in a subsidiary company		**4,169**	–
Interest income		**(772)**	(911)
Dividend income		**(27,292)**	–
Waivers of debt from:			
An associate company		**–**	(15,000)
Subsidiary companies		**4**	–
Related parties		**2**	–
Operating Loss Before Working Capital Changes		**(3,540)**	(2,881)
Movements in working capital:			
Decrease in trade and other receivables, deposits and prepayments		**617**	26,704
Increase/(Decrease) in trade and other payables, deposits and accrued expenses		**121**	(49)
Cash (Used In)/Generated From Operations		**(2,802)**	23,774
Tax refunded		**23**	–
Tax paid		**(82)**	(190)
Net Cash (Used In)/From Operating Activities		**(2,861)**	23,584

(Forward)

The Company	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividend income		**27,292**	–
Interest received		**772**	911
Increase in amount owing by subsidiary companies		**(4,453)**	(115,674)
Addition of investment in a subsidiary company	17	**(66)**	–
Net Cash From/(Used In) Investing Activities		**23,545**	(114,763)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Drawdown/(Repayments) of borrowings	29(b)	**128**	(61)
Repayments of lease liability		**(93)**	(60)
Interest on lease liability		**(8)**	(8)
Finance costs paid		**(933)**	(659)
Decrease/(Increase) in cash and cash equivalents – restricted		**834**	(116)
Increase in amount owing to an associated company		**–**	1,000
(Decrease)/Increase in amount owing to subsidiary companies		**(22,185)**	3,692
Net Cash (Used In)/From Financing Activities		**(22,257)**	3,788
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,573)**	(87,391)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		**1,709**	89,100
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	34	**136**	1,709

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

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

The Company's principal activities are investment holding and property development.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company is disclosed in Note 42.

The Registered Office of the Company is located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

The principal place of business of the Company is located at Level 2-4, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 26 April 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Adoption of New MFRSs, Amendments to MFRSs

In the current financial period, the Group and the Company adopted all the new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 July 2020 and relevant to its operations, as follows:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of these relevant new MFRSs, Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Standards and Amendments to MFRSs in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts[5]
Amendments to MFRS 3	Reference to Conceptual Framework[3]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[4]
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[6]
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021[2]
Amendments to MFRS 17	Insurance Contracts[5]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information[5]
Amendments to MFRS 101	Classification of Liability as Current or Non-current[5]
Amendments to MFRS 101 and MFRS Practise Statements 2	Disclosure of Accounting Policies[5]
Amendments to MFRS 108	Definition of Accounting Estimates[5]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[3]
Amendments to MFRS 137	Onerous contracts - Costs of Fulfilling a Contract[3]
Annual Improvements to MFRS Standards 2018 - 2020[3]	

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after 1 April 2021.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective immediately for annual periods beginning before 1 January 2023.
5 Effective for annual periods beginning on or after 1 January 2023.
6 Effective date deferred to a date to be determined and announced by MASB.

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

<u>Fair value measurement</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fair value measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the period are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary company, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associated company or joint venture.

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in Subsidiary Companies

Investment in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Investment in Associated Companies and Joint Venture

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Associated Companies and Joint Venture (continued)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associated companies and joint venture are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associated company or a joint venture are initially recognised in the statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated company or joint venture. When the Group's share of losses of an associated company or a joint venture exceeds the Group's interest in that associated company or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture.

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the investee becomes an associated company or a joint venture. On acquisition of the investment in an associated company or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when investment ceases to be an associated company or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associated company or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associated company or joint venture is included in the determination of the gain or loss on disposal of the associated company or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company or joint venture on the same basis as would be required if that associated company or joint venture had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associated company becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associated company. There is no remeasurement to fair value upon such changes in ownership interests.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Associated Companies and Joint Venture (continued)

When the Group reduces its ownership interest in an associated company or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associated company or a joint venture of the Group, profit or losses resulting from the transactions with the associated company and joint venture are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associated company or joint venture that are not related to the Group.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract or implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The revenue recognition policies of the Group and of the Company are as follows:

(i) Steel Division

Revenue from the sales of goods is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition (continued)

(ii) Property Development Division

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Revenue from sales of land under development and completed property units are recognised when the performance obligation in the contract with customer is satisfied (when the control of the land under development and completed property units has been transferred to the buyer).

Rental income is recognised over the tenure of the rental period of properties.

Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

(iii) Building Materials Division

Revenue from the sales of building materials, steel products, lubricants, petroleum products, automotive products and consumer products is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

Sales of goods that result in award credits for customers, under the Group's customer loyalty programmes, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value - the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction - but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

(iv) Other Divisions

Revenue from sales of goods in the course of ordinary activities is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of discounts and returns.

Revenue from services is recognised when the services are performed, net of service taxes and discounts.

Revenue from management fee is recognised upon performance of services are completed, net of taxes and discounts.

<u>Revenue from Other Sources</u>

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(ii) Interest income

Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency

(i) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in Ringgit Malaysia, United States Dollar, Renminbi or Singapore Dollar, the currency of the primary economic environment in which the entities operate (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity, are expressed in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rate prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment account. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Employee Benefits

(i) Short-term Employee Benefits

Salaries, wages, bonuses, social security contributions and annual leaves are accrued for in the period in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Defined Contribution Plans

The Company, its subsidiary companies incorporated in Malaysia and their eligible employees are required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a local statutory defined contribution plans, at certain prescribed rates based on the employees' salaries. The Group's foreign incorporated subsidiary companies and their eligible employees also make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, there are no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax

Income tax expense on profit or loss for the period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax is accounted for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realised, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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 they relate to income taxes by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The tax effects of the unutilised reinvestment allowances are recognised only upon actual realisation.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Assets Excluding Goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land has unlimited useful life and therefore is not depreciated. Construction work-in-progress is not depreciated as this asset is also not available for use. All other property, plant and equipment are depreciated on a straight-line method at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Freehold buildings	2% - 4%
Other buildings	2% - 18%
Plant, machinery and equipment	2% - 25%
Prime movers and trailers	15%
Motor vehicles	8% - 25%
Furniture and office equipment	5% - 25%
Computer equipment	10% - 20%
Floating cranes	8%
Tug boats and barges	10%
Infrastructure	7%
Renovations	2% - 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, Plant and Equipment under Hire-Purchase Arrangement

Property, plant and equipment acquired under hire-purchase arrangement are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase obligations.

Prepaid Land Lease Payments

Leasehold land that has an indefinite economic life and title that is not expected to pass to the Group by the end of the lease period is classified as right-of-use assets. The up-front payments for right to use the leasehold land over a predetermined period are accounted for as right-of-use assets under MFRS 16 and are subsequently measured at cost less accumulated amortisation and impairment losses.

Prepaid land lease payments are amortised over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the prepaid land lease reflects that the Group expects to exercise a purchase option, the related prepaid land lease payments are amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease. The prepaid land lease payments are amortised on a straight-line basis over the remaining lease terms, ranging from 4 to 71 years (30.6.2020: 5 to 72 years).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalisation of Borrowing Cost

Borrowing cost incurred on the construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing cost will cease when the assets are ready for their intended use and is suspended during extended period in which active development is interrupted.

Investment Properties

Investment properties, comprising certain freehold and leasehold land and buildings and economic land concession (work-in-progress), are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Freehold land and economic land concession within investment properties are not depreciated. Leasehold land is depreciated over the shorter period of the lease term and the useful life of the land at an annual rate of 2%.

Buildings are depreciated on the straight-line method at an annual rate of 2%.

Leases

As Lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- the amount expected to be payable by the lessee under residual value guarantees; and
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability by using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As Lessee (continued)

The Group and the Company remeasure the lease liability and make a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease term and the estimated remaining useful lives of the right-of-use assets are as follows:

Leasehold land and buildings	2-36 years
Plant and equipment	3-5 years

Upon adoption of MFRS 16, the right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group has recognised right-of-use assets in relation to the rental of leasehold land, buildings, premises, plant and equipment, which had previously been classified as operating leases.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As Lessor

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group and the Company are an intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As Lessor (continued)

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to financial periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Property, Plant and Equipment under Finance Leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included at the end of the reporting period as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Land held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities are expected to be completed within the Group's normal operating cycle.

Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill on Consolidation (continued)

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Property Development Cost

Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Inventories

Trading merchandise, finished goods, work-in-progress, raw materials and other products are valued at the lower of cost and net realisable value. Cost is determined principally on the 'weighted average' method. The costs of raw materials comprise the original purchase price plus the incidental cost incurred in bringing the inventories to their present locations and conditions. The cost of work-in-progress and finished goods comprise the cost of raw materials, direct labour, direct charges and an appropriate proportion of production overheads.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the 'specific identification' method.

Goods-in-transit are valued at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

In arriving at net realisable value, due allowance is made for damaged, obsolete or slow moving inventories.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the Directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligations.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contract Asset and Contract Liability

A contract asset is the right to consideration for goods or services transferred to the customers. Contract asset is the excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received from the customers.

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. 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 or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are initially measured at fair values. Subsequently, they are measured at higher of:

- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus transaction cost that are directly attributable to its acquisition or issuance. A trade receivable without significant financing component is initially measured at the transaction price.

The Group determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as hedging instrument.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model with the objective to hold assets to collect contractual cash flows and its contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial asset at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Interest income is recognised by applying effective interest rate to the gross carrying amount, where applicable, except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

<u>Financial assets</u> (continued)

(c) Financial assets at fair value through other comprehensive income ("FVTOCI")

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit and loss.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity (other than in subsidiary companies, associated companies and joint venture) which are not held for trading, and the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulate in other comprehensive income are not reclassified to profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

<u>Impairment of financial assets</u>

The Group recognises loss allowance for expected credit losses on financial assets measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group measures loss allowance at an amount equal to lifetime expected credit loss except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers past loss experience and observable data such as current changes and future forecast in economic changes to estimate the amount of expected impairment loss. The methodology assumptions including any forecast of future economic conditions are reviewed regularly. An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

For other receivables, the Group and the Company measure loss allowance at an amount equal to 12-month expected credit loss if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The measurement of financial liabilities depends on their classification.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

<u>Financial liabilities</u> (continued)

<u>Other financial liabilities</u>

The Group's other financial liabilities include trade payables, other payables (including amount owing to an associated company) and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from 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 recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents which comprise deposits, cash and bank balances, and bank overdrafts are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except for the following:

(a) <u>Impairment of Receivables</u>

Assessment of impairment for receivables is made based on the evaluation of collectability and ageing analysis of accounts and on management's estimate of, amongst others, the quantum and timing of cash flows. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the judgement about the creditworthiness of the debtors and the past collection history of each customer. If the financial conditions of the customers were to deteriorate such that the ability of the customers to make repayments is affected, additional allowance for impairment loss may be required.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(i) Critical judgements in applying the Group's and the Company's accounting policies (continued)

(a) Impairment of Receivables (continued)

As at 31 December 2021, the Group has trade and other receivables due from two major related parties namely, Lion DRI Sdn Bhd ("Lion DRI") and Graimpi Sdn Bhd ("Graimpi")(In liquidation) (30.6.2020: also included Megasteel Sdn Bhd ("Megasteel")).

During the financial period, the Group has recovered RM210,352,000 from Graimpi and Lion DRI pursuant to the secured debt settlement agreement and RM3,485,000 due from Megasteel pursuant to schemes of arrangement of Megasteel which was approved by Megasteel's secured and unsecured creditors at the Court Convened Meeting on 10 July 2019.

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Trade receivables (Note 24 (a))	**113,402**	151,989
Other receivables (Note 24 (b))	**111,215**	286,465
	224,617	438,454
Less: Accumulated impairment losses	**(224,617)**	(438,454)
Net	**–**	–

In view that Lion DRI had stopped operation since the previous financial years and the ability of Lion DRI to generate sufficient cash flows to repay its debts to the Group is in doubt and Graimpi is in liquidation, the Directors are of the opinion that full impairment losses need to be made on these outstanding amounts.

(b) Impairment of Investment Properties

The Group has investment properties which comprise mainly freehold land and economic land concession ("ELC") in Cambodia of RM107,956,000 (30.6.2020: RM110,869,000). Significant judgement is exercised in determining the manner in which the recovery of the said investment properties could be made and the amounts that could be realised. The amount expected to be recovered for the said investment properties was determined based on the fair value less cost to sell, by references to the latest valuation carried out by an independent firm of professional valuers.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

(a) Impairment of Non-Current Assets

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As at 31 December 2021, the Group and the Company recognised accumulated impairment losses in respect of the following:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Prepaid land lease payments	**514**	–	**–**	–
Long-term investments	**68,378**	70,134	**–**	–
Investment in associated companies	**12,655**	12,655	**15,439**	–
Investment in subsidiary companies	**–**	–	**245,496**	241,898

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group and the Company make estimates and assumptions that require significant judgements. While the Group and the Company believe these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's and the Company's financial position and results.

(b) Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the VIU of the cash-generating units to which goodwill has been allocated. The VIU calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows. The carrying amount of goodwill at the end of the reporting period, pertaining to the steel operations of the Group, was RM130,443,000 (30.6.2020: RM130,443,000) and no impairment loss has been recognised in profit or loss during the current financial period as the Directors are of the opinion that the recoverable amount of the cash-generating unit is higher than the carrying amount. Details of the cash-generating unit calculation are provided in Note 22.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty (continued)

(c) Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of deferred tax assets recognised by the Group amounts to RM8,435,000 (30.6.2020: RM48,133,000).

(d) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment except for freehold land and construction work-in-progress, is depreciated on a straight-line basis over the assets' useful lives. The Group reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

(e) Impairment of Property, Plant and Equipment

(i) As at 31 December 2021, the Directors have made impairment assessment on the steel making plant of a subsidiary company located at Banting ("the Banting plant"), which has temporarily stopped production. The recoverable amount of the plant, which consists of land and buildings and plant and machinery, was determined based on fair value less cost to sell, by a reference to the latest valuation carried out by an independent firm of professional valuers in February 2022. The basis of fair value less cost to sell for the said assets was determined as follows:

(a) Land - Direct Comparison Method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, market condition, size, shape and terrain of land, tenurial interest and restriction if any, availability of infrastructure, vacant possession and developmental approval and other relevant characteristics.

(b) Building - Depreciated Replacement Cost Method, where the building value is taken to be equal to the cost of replacing the building in its existing condition. This is determined by taking the current replacement cost of the building as new and allowing for depreciation of physical, functional and economic obsolescence.

(c) Plant and machineries - Market approach by comparing the subject asset with identical or similar assets for which price information is available.

The Directors believe that the chosen valuation method is appropriate in determining the recoverable amounts of the Banting plant.

The impairment loss of RM300,000 have been recognised in the previous financial year.

The Directors are of the opinion that the carrying amount of the Banting plant of RM136,880,000 (30.6.2020: RM160,842,000), net of accumulated impairment loss of RM185,772,000 (30.6.2020: RM185,772,000) is recoverable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty (continued)

(e) Impairment of Property, Plant and Equipment (continued)

(ii) During the financial period, the steel making plant located in Johor ("the Johor Plant") has temporarily stopped operations. The recoverable amount of the plant, which consists of plant and machinery, was determined based on fair value less cost to sell, by a reference to the latest valuation carried out by an independent firm of professional valuers in November 2021. The basis of fair value less cost to sell for the said assets was determined as follows:

(a) Land and building - Comparison Method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, market condition, size, shape and terrain of land, tenurial interest and restriction if any, availability of infrastructure, vacant possession and developmental approval and other relevant characteristics.

(b) Plant and machineries - Depreciated Replacement Cost method which is Gross Current Replacement Cost less Depreciation to reflect the remaining portion of their useful economic working life and it is expressed on the assumption that the items are considered value to the business that would ensure their continued use in the foreseeable future.

The Directors believe that the chosen valuation method is appropriate in determining the recoverable amounts of the Johor plant.

The impairment loss of RM23,168,000 (30.6.2020: RM8,629,947) have been recognised during the year.

The Directors are of the opinion that the carrying amount of the Johor plant of RM64,745,000 (30.6.2020: RM98,503,195), net of accumulated impairment loss of RM39,952,000 (30.6.2020: RM16,784,000) is recoverable.

(f) Provision for expected credit losses ("ECL") of trade receivables

The Group and the Company use simplified approach in calculating loss allowances for trade receivables by applying an ECL rate. Significant estimate is required in determining the impairment of trade receivables. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and the Company's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Revenue from contracts with customers:				
Sale of goods	**3,918,066**	2,285,900	**–**	–
Sale of completed property units	**1,603**	544	**–**	–
Service rendered	**17,732**	31,993	**–**	–
	3,937,401	2,318,437	**–**	–
Revenue from other sources:				
Gross dividend income from subsidiary companies	**–**	–	**27,292**	–
Interest income	**45**	33	**–**	–
	3,937,446	2,318,470	**27,292**	–

Timing of revenue recognition:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
At a point in time	**3,919,669**	2,286,444	**–**	–
Over time	**17,732**	31,993	**–**	–
Revenue from contracts with customers	**3,937,401**	2,318,437	**–**	–
Other revenue	**45**	33	**27,292**	–
	3,937,446	2,318,470	**27,292**	–

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is arrived at after crediting/(charging) the following income/(expenses):

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Impairment losses on:				
Property, plant and equipment (Note 12)	**(23,776)**	(8,930)	**–**	–
Prepaid land lease payments (Note 14)	**(514)**	–	**–**	–
Trade and other receivables (Note 24)	**(9,542)**	(14,518)	**–**	–
Amount owing by subsidiary companies (Note 25)	**–**	–	**(1,771)**	(7)
Investment in subsidiary companies (Note 17)	**–**	–	**(3,598)**	–
Investment in associated companies (Note 18)	**–**	–	**(15,439)**	–
Property, plant and equipment written off (Note 12)	**(102)**	(656)	**–**	–
Fair value loss on investment in long-term investments	**(5,512)**	(617)	**–**	(184)
Allowance for obsolescence of inventories (Note 23)	**(1,540)**	(9,956)	**–**	–
Inventories written back/(down)	**14,400**	(35,546)	**–**	–
Impairment losses no longer required for:				
Long term investment	**1,756**	–	**–**	–
Trade and other receivables	**6,430**	36,025	**82**	5
Amount owing by subsidiary companies (Note 25)	**–**	–	**51**	–
Gain/(Loss) on disposal of property, plant and equipment	**704**	159	**–**	(1)
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company:				
Current period/year	**(833)**	(767)	**(125)**	(125)
Overprovision in prior years	**5**	(8)	**–**	–
Other auditors:				
Current period/year	**(80)**	(53)	**–**	–
Overprovision in prior years	**2**	–	**–**	–
Bad debts recovered	**408**	2	**–**	–
Bad debts written off	**(12)**	–	**(12)**	–
Waiver of debts from:				
An associated company	**–**	–	**–**	15,000
Subsidiary companies	**–**	–	**(4)**	–
Rental income from premises	**6,684**	13,782	**16**	–
Rental expense of:				
Premises	**(537)**	(465)	**–**	–
Plant, machinery and equipment	**(534)**	(402)	**–**	–
Gain/(Loss) on foreign exchange (net):				
Realised	**446**	4,162	**–**	(331)
Unrealised	**140**	525	**8**	7
Interest income from Housing Development Accounts	**149**	317	**33**	70

6. PROFIT/(LOSS) FROM OPERATIONS (continued)

Analysis of staff costs is as follows:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Salaries, bonuses and allowances	**202,863**	135,629	**597**	248
Defined contribution plans	**19,127**	12,495	**111**	70
	221,990	148,124	**708**	318

Included in staff costs are the remuneration of members of key management, other than the Directors of the Group and of the Company as disclosed in Note 7, as follows:

	The Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Salaries, bonuses and allowances	**3,772**	3,379
Defined contribution plans	**371**	245
	4,143	3,624

The estimated monetary value of benefits-in-kind received and receivable by the key management personnel, other than the Directors of the Group and of the Company as disclosed in Note 7, otherwise than in cash from the Group amounted to RM59,178 (30.6.2020: RM29,052).

7. DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company classified into executive and non-executive Directors are as follows:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Executive Director:				
Fee	**53**	35	**53**	35
Salary and other emoluments	**1,488**	780	**1,488**	780
Defined contribution plans	**89**	46	**89**	46
	1,630	861	**1,630**	861
Non-executive Directors:				
Fees	**426**	310	**396**	290
Salary and other emoluments	**211**	164	**79**	75
Defined contribution plans	**15**	10	**–**	–
	652	484	**475**	365
Total	**2,282**	1,345	**2,105**	1,226

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM197,605 and RM166,455 respectively (30.6.2020: RM238,876 and RM238,876 respectively).

8. INVESTMENT INCOME

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Interest income from:				
Fixed deposits	**7,742**	7,286	**102**	556
Related parties	**227**	7	**227**	7
Subsidiary companies	**–**	–	**410**	278
Others	**2,312**	759	**–**	–
Dividend income from:				
Investment in money market funds	**–**	543	**–**	–
	10,281	8,595	**739**	841

9. FINANCE COSTS

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Interest expense on:				
Term loans	**488**	1,277	**488**	287
Security deposits received from customers	**13,633**	3,955	**–**	–
Bills payable	**4,121**	3,594	**–**	–
Bank overdrafts	**1,058**	765	**433**	368
Finance lease and hire-purchase	**5,483**	2,297	**–**	–
Lease liabilities	**3,048**	2,591	**8**	8
Product financing liabilities	**3,003**	4,843	**–**	–
Others	**444**	8,620	**12**	4
	31,278	27,942	**941**	667

10. TAX (EXPENSE)/CREDIT

Tax (expense)/credit for the Group and the Company consists of:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Estimated tax payable:				
Current period/year	**(20,717)**	(6,038)	**(10)**	–
Over/(under) provision in prior years	**954**	(982)	**–**	16
	(19,763)	(7,020)	**(10)**	16
Deferred taxation (Note 21):				
Current period/year	**(11,231)**	460	**–**	–
(Under)/Overprovision in prior years	**(49)**	414	**–**	–
	(11,280)	874	**–**	–
Total tax (expense)/credit	**(31,043)**	(6,146)	**(10)**	16

The tax (expense)/credit varied from the amount of tax credit/(expense) determined by applying the applicable income tax rate to profit/(loss) before tax as a result of the following differences:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Profit/(Loss) before tax	**570,284**	(377,024)	(1,572)	11,954
Tax (expenses)/credit at statutory tax rate of 24%	**(136,868)**	90,486	**377**	(2,869)
Tax effects of:				
Non-taxable income	**196,367**	15,560	**6,586**	3,603
Non-deductible expenses	**(45,095)**	(38,264)	**(6,973)**	(734)
Tax effect on share of results of associated companies and joint venture	**(12,215)**	(27,633)	**–**	–
Deferred tax assets not recognised	**(34,137)**	(45,727)	**–**	–
Over/(under) provision in prior years:				
Income tax	**954**	(982)	**–**	16
Deferred taxation	**(49)**	414	**–**	–
	(31,043)	(6,146)	**(10)**	16

11. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period as follows:

	The Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Profit/(Loss) attributable to owners of the Company	**494,990**	(390,533)
	31.12.2021 '000	**30.6.2020 '000**
Weighted average number of ordinary shares in issue	**680,804**	680,804
	1.7.2020 to 31.12.2021 Sen	**1.7.2019 to 30.6.2020 Sen**
Basic earnings/(loss) per share	**72.71**	(57.36)

(b) Diluted earnings/(loss) per share

The basic and diluted earnings/(loss) per share are the same for 31 December 2021 and 30 June 2020 as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	COST								
	As at 1 July 2019 RM'000	**Additions RM'000**	**Disposals RM'000**	**Write–offs RM'000**	**Upon adoption of MFRS 16 RM'000**	**Transfer to investment properties (Note 13) RM'000**	**Reclassification RM'000**	**Exchange differences RM'000**	**As at 30 June 2020 RM'000**
Freehold land	77,101	–	–	–	–	–	–	–	77,101
Freehold buildings	305,206	130	–	–	–	–	–	–	305,336
Buildings under long lease	112,741	–	(1,740)	–	680	(207)	855	–	112,329
Buildings under short lease	466	–	–	–	–	–	–	–	466
Plant, machinery and equipment	1,511,511	9,150	(1,001)	(8,864)	–	–	25,283	288	1,536,367
Prime movers and trailers	2,294	–	–	–	–	–	–	–	2,294
Motor vehicles	14,590	342	(105)	–	–	–	–	16	14,843
Furniture and office equipment	72,547	1,217	(340)	(674)	–	–	169	–	72,919
Computer equipment	6,790	115	(22)	(17)	–	–	–	1	6,867
Floating cranes	87,616	–	–	–	–	–	–	–	87,616
Tug boats and barges	56,514	–	(35)	–	–	–	–	–	56,479
Infrastructure	107,100	–	–	–	–	–	–	–	107,100
Renovations	1,892	–	–	(69)	–	–	–	–	1,823
Construction work-in-progress	158,202	8,121	–	(653)	–	–	(26,307)	–	139,363
Total	2,514,570	19,075	(3,243)	(10,277)	680	(207)	–	305	2,520,903

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

					COST				
	As at 1 July 2020 RM'000	Additions RM'000	Disposals RM'000	Write–offs RM'000	Disposal of a subsidiary company (Note 17) RM'000	Acquisition of subsidiary companies (Note 17) RM'000	Reclassification RM'000	Exchange differences RM'000	As at 31 December 2021 RM'000
Freehold land	77,101	218,166	–	–	–	–	–	–	**295,267**
Freehold buildings	305,336	71,360	(15)	–	–	–	157	–	**376,838**
Buildings under long lease	112,329	537	–	–	(1,589)	–	–	–	**111,277**
Buildings under short lease	466	–	–	–	–	–	–	–	**466**
Plant, machinery and equipment	1,536,367	304,075	(2,004)	(156)	(119,596)	–	5,230	(226)	**1,723,690**
Prime movers and trailers	2,294	–	–	–	–	–	–	–	**2,294**
Motor vehicles	14,843	225	(377)	–	(222)	81	–	(7)	**14,543**
Furniture and office equipment	72,919	2,214	(440)	(1,065)	(3,875)	63	(5,162)	4	**64,658**
Computer equipment	6,867	422	(34)	–	–	–	–	(1)	**7,254**
Floating cranes	87,616	–	–	–	–	–	–	–	**87,616**
Tug boats and barges	56,479	44	–	–	–	–	–	–	**56,523**
Infrastructure	107,100	–	–	–	–	–	–	–	**107,100**
Renovations	1,823	392	–	–	–	–	–	–	**2,215**
Construction work-in-progress	139,363	3,386	–	–	(115)	–	(225)	–	**142,409**
Total	2,520,903	600,821	(2,870)	(1,221)	(125,397)	144	–	(230)	**2,992,150**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED DEPRECIATION							
	As at 1 July 2019 RM'000	Additions RM'000	Disposals RM'000	Write–offs RM'000	Upon adoption of MFRS 16 RM'000	Transfer to investment properties (Note 13) RM'000	Exchange differences RM'000	As at 30 June 2020 RM'000
Freehold land	–	–	–	–	–	–	–	–
Freehold buildings	229,823	13,504	–	–	–	–	–	243,327
Buildings under long lease	96,873	2,551	(1,740)	–	(1,020)	(207)	–	96,457
Buildings under short lease	466	–	–	–	–	–	–	466
Plant, machinery and equipment	1,201,999	59,414	(708)	(8,864)	–	–	170	1,252,011
Prime movers and trailers	2,294	–	–	–	–	–	–	2,294
Motor vehicles	11,794	395	(105)	–	–	–	15	12,099
Furniture and office equipment	61,936	2,470	(159)	(671)	–	–	–	63,576
Computer equipment	5,884	247	(16)	(17)	–	–	1	6,099
Floating cranes	62,788	6,659	–	–	–	–	–	69,447
Tug boats and barges	52,534	1,095	(23)	–	–	–	–	53,606
Infrastructure	49,980	–	–	–	–	–	–	49,980
Renovations	1,746	57	–	(69)	–	–	–	1,734
Construction work-in-progress	–	–	–	–	–	–	–	–
Total	1,778,117	86,392	(2,751)	(9,621)	(1,020)	(207)	186	1,851,096

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

ACCUMULATED DEPRECIATION

	As at 1 July 2019 RM'000	Additions RM'000	Disposals RM'000	Write–offs RM'000	Disposal of a subsidiary company (Note 17) RM'000	Exchange differences RM'000	Reclassification RM'000	As at 31 December 2021 RM'000
Freehold land	–	–	–	–	–	–	–	**–**
Freehold buildings	243,327	17,552	–	–	–	–	–	**260,879**
Buildings under long lease	96,457	4,574	(15)	–	(1,361)	–	–	**99,655**
Buildings under short lease	466	–	–	–	–	–	–	**466**
Plant, machinery and equipment	1,252,011	73,076	(1,666)	(56)	(98,400)	(157)	(63)	**1,224,745**
Prime movers and trailers	2,294	–	–	–	–	–	–	**2,294**
Motor vehicles	12,099	589	(290)	–	(222)	(13)	–	**12,163**
Furniture and office equipment	63,576	1,933	(247)	(1,063)	(3,399)	–	63	**60,863**
Computer equipment	6,099	399	(37)	–	–	(1)	–	**6,460**
Floating cranes	69,447	6,862	–	–	–	–	–	**76,309**
Tug boats and barges	53,606	139	–	–	–	–	–	**53,745**
Infrastructure	49,980	–	–	–	–	–	–	**49,980**
Renovations	1,734	84	–	–	–	–	–	**1,818**
Construction work-in-progress	–	–	–	–	–	–	–	**–**
Total	1,851,096	105,208	(2,255)	(1,119)	(103,382)	(171)	–	**1,849,377**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED IMPAIRMENT LOSSES					NET BOOK VALUE	
	As at 1 July 2019 RM'000	Charge for the year RM'000	As at 30 June 2020 RM'000	Charge for the period RM'000	**As at 31 December 2021 RM'000**	**As at 31 December 2021 RM'000**	As at 30 June 2020 RM'000
Freehold land	1,754	–	1,754	–	**1,754**	**293,513**	75,347
Freehold buildings	28,299	–	28,299	–	**28,299**	**87,660**	33,710
Buildings under long lease	1,515	–	1,515	–	**1,515**	**10,107**	14,357
Buildings under short lease	–	–	–	–	**–**	**–**	–
Plant, machinery and equipment	88,037	8,630	96,667	1,424	**98,091**	**400,854**	187,689
Prime movers and trailers	–	–	–	–	**–**	**–**	–
Motor vehicles	–	–	–	–	**–**	**2,380**	2,744
Furniture and office equipment	–	–	–	–	**–**	**3,795**	9,343
Computer equipment	–	–	–	28	**28**	**766**	768
Floating cranes	–	–	–	–	**–**	**11,307**	18,169
Tug boats and barges	–	–	–	–	**–**	**2,778**	2,873
Infrastructure	57,120	–	57,120	–	**57,120**	**–**	–
Renovations	–	–	–	–	**–**	**397**	89
Construction work-in-progress	84,909	300	85,209	22,324	**107,533**	**34,876**	54,154
Total	261,634	8,930	270,564	23,776	**294,340**	**848,433**	399,243

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	COST			
	As at 1 July 2019 RM'000	**Addition RM'000**	**Disposals RM'000**	**As at 30 June 2020 RM'000**
Motor vehicles	75	–	–	75
Furniture and office equipment	1,617	–	(2)	1,615
Computer equipment	3,501	–	(16)	3,485
Renovations	1,007	–	–	1,007
Total	6,200	–	(18)	6,182

	COST			
	As at 1 July 2020 RM'000	**Addition RM'000**	**Disposals RM'000**	**As at 31 December 2021 RM'000**
Motor vehicles	75	–	–	**75**
Furniture and office equipment	1,615	–	–	**1,615**
Computer equipment	3,485	–	–	**3,485**
Renovations	1,007	–	–	**1,007**
Total	6,182	–	–	**6,182**

	ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at 1 July 2019 RM'000	**Charge for the year RM'000**	**Disposals RM'000**	**As at 30 June 2020 RM'000**	**As at 30 June 2020 RM'000**
Motor vehicles	73	–	–	73	2
Furniture and office equipment	1,530	24	(1)	1,553	62
Computer equipment	3,072	85	(16)	3,141	344
Renovations	863	57	–	920	87
Total	5,538	166	(17)	5,687	495

	ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at 1 July 2020 RM'000	**Charge for the period RM'000**	**Disposals RM'000**	**As at 31 December 2021 RM'000**	**As at 31 December 2021 RM'000**
Motor vehicles	73	–	–	**73**	**2**
Furniture and office equipment	1,553	29	–	**1,582**	**33**
Computer equipment	3,141	126	–	**3,267**	**218**
Renovations	920	53	–	**973**	**34**
Total	5,687	208	–	**5,895**	**287**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial period, the Group has recognised impairment losses of RM23,168,000 (30.6.2020: RM8,930,000) in respect of the assets located at the Banting and Johor plants, as a result of the said Banting and Johor plant having temporarily stopped productions. The said impairment losses were determined based on the assumptions as disclosed in Notes 4(ii)(e)(i) and (ii).

(b) As at 31 December 2021, the property, plant and equipment of certain subsidiary companies with carrying values totalling RM4.8 million (30.6.2020: RM20.9 million) have been charged as collateral to certain financial institutions for the loans and borrowings granted to the Group (Notes 29).

(c) Included in property, plant and equipment of the Group are assets acquired under lease and hire-purchase arrangements with net book values of RM5,329,000 (30.6.2020: RM21,734,000).

13. INVESTMENT PROPERTIES

			The Group		
	Freehold land RM'000	**Freehold land and buildings RM'000**	**Leasehold land and buildings RM'000**	**Work-in-progress RM'000**	**Total RM'000**
Cost:					
As at 1 July 2019	49,249	462	2,152	57,994	109,857
Transfer from property, plant and equipment (Note 12)	–	–	207	–	207
Exchange differences	1,665	–	–	1,962	3,627
As at 30 June 2020/1 July 2020	50,914	462	2,359	59,956	113,691
Addition	–	–	139	–	139
Reclassification	–	–	20,650	(20,650)	–
Exchange differences	(1,338)	–	–	(1,575)	(2,913)
As at 31 December 2021	**49,576**	**462**	**23,148**	**37,731**	**110,917**
Accumulated depreciation:					
As at 1 July 2019	–	188	226	–	414
Transfer from property, plant and equipment (Note 12)	–	–	207	–	207
Charge for the year	–	10	59	–	69
As at 30 June 2020/1 July 2020	–	198	492	–	690
Charge for the period	–	14	94	–	108
As at 31 December 2021	**–**	**212**	**586**	**–**	**798**
Accumulated impairment losses:					
As at 1 July 2019/1 July 2020	592	–	–	–	592
No longer required	(592)	–	–	–	(592)
As at 30 June 2020/1 July 2020/ 31 December 2021	**–**	**–**	**–**	**–**	**–**
Net book value:					
As at 30 June 2020	50,914	264	1,867	59,956	113,001
As at 31 December 2021	**49,576**	**250**	**22,562**	**37,731**	**110,119**
Fair value	76,700	410	39,012	Note a	

13. INVESTMENT PROPERTIES (continued)

The rental income earned by the Group from its investment properties amounted to RM96,303 (30.6.2020: RM11,200). Direct operating expenses pertaining to the investment properties of the Group that generated rental income during the financial period amounted to RM12,213 (30.6.2020: RM3,141).

Direct operating expenses incurred by the Group for investment properties that did not generate any rental income during the financial period amounted to RM14,349 (30.6.2020: RM6,469).

The fair value of investment properties is estimated by reference to market evidence of transaction prices for similar properties and the latest valuation carried out by an independent firm of professional valuers in December 2021/ January 2022.

At the end of the reporting period, the fair value of the Group's investment properties are measured using Level 3 valuation technique as disclosed in Note 3. There were no transfers between Levels 1, 2 and 3 during the financial period.

Note a

Work-in-progress comprises mainly economic land concession ("ELC") in Cambodia. The lease agreements for the ELC which determine the lease period of the land have yet to be obtained. The fair value of the ELC are not reasonably determinable until the ELC are converted into leasehold land. Based on the market evidence of transaction prices for leasehold land by the independent firm of professional valuers in December 2021, the Directors have concluded there is no impairment for the ELC.

14. PREPAID LAND LEASE PAYMENTS

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Cost:		
At beginning of period/year	**71,251**	103,355
Addition	**3,822**	–
Upon adoption of MFRS 16	**–**	1,570
Transfer from/(to) right-of-use assets (Note 15)	**33,696**	(33,696)
Reclassification	**–**	22
At end of period/year	**108,769**	71,251
Accumulated amortisation:		
At beginning of period/year	**30,766**	48,092
Amortisation for the year	**6,723**	1,544
Upon adoption of MFRS 16	**–**	(665)
Transfer from/(to) right-of-use assets (Note 15)	**19,061**	(18,227)
Reclassification	**–**	22
At end of period/year	**56,550**	30,766
Accumulated impairment:		
At beginning of period/year	**–**	–
Charge for the period/year	**514**	–
At end of period/year	**514**	–
Carrying value	**51,705**	40,485

14. PREPAID LAND LEASE PAYMENTS (continued)

The Group's leases consist of leasehold lands, factory buildings, office complex and warehouse. The lease will expire between the years 2025 and 2091 (30.6.2020: 2025 and 2091).

Certain leasehold land and building located in the Mukim of Bukit Raja, Klang, Selangor, has the purchase option in the lease term. Purchase option is included, when possible, to provide the Group with greater flexibility to align its need for access to the leasehold land and building with the fulfilment of the Group's business strategy. The purchase option held is exercisable only by the Group and not by the lessor. In cases in which the Group is not reasonably certain to exercise the purchase option, payments associated with the purchase option are not included within the obligations under leases arrangement.

Except for the leasehold land as mentioned above, the Group does not have the option to purchase the leased land upon the expiry of the lease period.

15. RIGHT-OF-USE ASSETS

The Group	**Leasehold land and buildings RM'000**	**Plant and equipment RM'000**	**Total RM'000**
Cost:			
At 1 July 2019 (on adoption of MFRS 16)	30,995	20,766	51,761
Transfer from prepaid land lease payments (Note 14)	33,696	–	33,696
As at 30 June 2020/1 July 2020	64,691	20,766	85,457
Addition	21,592	–	21,592
Transfer to prepaid land lease payments (Note 14)	(33,696)	–	(33,696)
Disposal	(4,396)	–	(4,396)
Disposal of a subsidiary company (Note 17(b))	(19,974)	(19,960)	(39,934)
Fair value adjustments	(1,160)	–	(1,160)
Expiry of lease terms	(121)	–	(121)
As at 31 December 2021	**26,936**	**806**	**27,742**
Accumulated depreciation:			
At 1 July 2019 (on adoption of MFRS 16)	–	–	–
Transfer from prepaid land lease payments (Note 14)	18,227	–	18,227
Charge for the year	11,598	5,605	17,203
As at 30 June 2020/1 July 2020	29,825	5,605	35,430
Charge for the period	15,548	8,100	23,648
Transfer to prepaid land lease payments (Note 14)	(19,061)	–	(19,061)
Disposal	(2,875)	–	(2,875)
Disposal of a subsidiary company (Note 17(b))	(14,827)	(13,302)	(28,129)
Expiry of lease terms	(121)	–	(121)
As at 31 December 2021	**8,489**	**403**	**8,892**
Net carrying amount			
As at 31 December 2021	**18,447**	**403**	**18,850**
As at 30 June 2020	34,866	15,161	50,027

15. RIGHT-OF-USE ASSETS (continued)

The Company	Premises RM'000
Cost:	
At 1 July 2019 (on adoption of MFRS 16)/30 June 2020/1 July 2020	147
Addition	230
Disposal	(127)
As at 31 December 2021	**250**
Accumulated depreciation:	
At 1 July 2019 (on adoption of MFRS 16)	–
Charge for the year	63
As at 30 June 2020/1 July 2020	63
Charge for the period	94
As at 31 December 2021	**157**
Net carrying amount	
As at 31 December 2021	**93**
As at 30 June 2020	84

During the financial period/year, amounts recognised in profit or loss are as follows:

	The Group RM'000	The Company RM'000
1.7.2020 to 31.12.2021		
Depreciation expense on right-of-use assets	**23,648**	**94**
Interest expense on lease liabilities	**3,048**	**8**
Expenses relating to short term lease	**876**	**–**
Expense relating to leases of low value assets	**22**	**–**
1.7.2019 to 30.6.2020		
Depreciation expense on right-of-use assets	17,203	63
Interest expense on lease liabilities	2,591	8
Expenses relating to short term lease	167	–
Expense relating to leases of low value assets	244	–

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
At beginning of period/year:				
Land costs	**27,452**	27,452	**13**	13
Development costs	**23,433**	23,257	**13**	13
	50,885	50,709	**26**	26
Costs incurred:				
Development costs	**79**	176	**–**	–
At end of period/year:				
Land costs	**27,452**	27,452	**13**	13
Development costs	**23,512**	23,433	**13**	13
	50,964	50,885	**26**	26

(b) Property Development Costs

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
At beginning of period/year:		
Land costs	**63,678**	63,678
Development costs	**191,856**	191,749
	255,534	255,427
Costs incurred:		
Development costs	**3,551**	107
At end of period/year:		
Land costs	**63,678**	63,678
Development costs	**195,407**	191,856
	259,085	255,534
Costs recognised as expenses in profit or loss:		
Previous years	**(243,512)**	(243,512)
Current period/year	**–**	–
	(243,512)	(243,512)
Net	**15,573**	12,022

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Shares quoted in Malaysia:		
At beginning and end of period/year	**42,232**	42,232
Unquoted shares in Malaysia:		
At cost	**937,071**	937,071
Addition	**66**	–
Deemed capital contribution	**9,460**	13,629
	946,597	950,700
Accumulated impairment losses	**(245,496)**	(241,898)
	701,101	708,802
Total	**743,333**	751,034
Market value of quoted shares	**25,271**	14,440

Movements in the accumulated impairment losses are as follows:

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of period/year	**241,898**	241,898
Impairment losses recognised during the period/year (Note 6)	**3,598**	–
At end of period/year	**245,496**	241,898

During the current financial period, the Directors reviewed the Company's investment in subsidiary companies for indication of impairment and concluded that accumulated impairment losses of RM245,496,000 (30.6.2020: RM241,898,000) is deemed adequate in respect of investment in subsidiary companies.

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiary companies		Number of non wholly-owned subsidiary companies	
		31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Property development	Malaysia	**7**	7	**2**	2
Manufacture and sale and distribution of steel products	Malaysia	**–**	–	**3**	3
Manufacture and sale and distribution of other products	Malaysia	**–**	–	**3**	3
Others	Malaysia	**28**	28	**19**	21
Others	Other countries	**–**	–	**22**	21
		35	35	**49**	50

Certain investment in subsidiaries of the Company has been pledged as collateral to financial institutions for banking facility as disclosed in Note 29.

Non-Controlling Interests in Subsidiary Companies

The Group's subsidiary company that has material non-controlling interests ("NCI") is Lion Posim Berhad ("LPB").

	Percentage of ownership interests held by NCI	Profit allocated to NCI RM'000	Accumulated NCI RM'000
31.12.2021			
LPB	**26%**	**40,166**	**191,619**
Other individually immaterial subsidiary companies with NCI		**4,085**	**33,528**
		44,251	**225,147**
30.6.2020			
LPB	26%	8,230	149,852
Other individually immaterial subsidiary companies with NCI		(867)	25,383
		7,363	175,235

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Non-Controlling Interests in Subsidiary Companies (continued)

Summarised financial information in respect of each of the Group's subsidiary company that has material non-controlling interests ("NCI") is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	LPB	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Non-current assets	**309,268**	289,084
Current assets	**561,374**	390,095
Non-current liabilities	**(1,855)**	(272)
Current liabilities	**(129,218)**	(100,912)
Total equity	**739,569**	577,995
Equity attributable to owners of the Company	**739,096**	577,995
Revenue	**871,808**	411,505
Profit for the period/year	**141,195**	31,745
Profit/(Loss) attributable to:		
Owners of the Company	**144,021**	31,745
Non-controlling interests	**(2,826)**	–
	141,195	31,745
Other comprehensive income/(loss) attributable to:		
Owners of the Company	**19,738**	(5,479)
Non-controlling interests	**–**	–
	19,738	(5,479)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**161,101**	26,266
Non-controlling interests	**(168)**	–
	160,933	26,266
Net cash inflow/(outflow) from:		
Operating activities	**(116,400)**	32,934
Investing activities	**184,996**	593
Financing activities	**(65,106)**	(1,010)
Net cash inflow	**3,490**	32,517

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(a) Acquisition of subsidiary companies

During the current financial period, the Group completed the acquisition of 100% equity interest in Well Morning Limited ("Well Morning") on 30 December 2020 pursuant to the secured debts settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation). Thereafter, Well Morning and its only wholly-owned subsidiary company, Changshu Lion Enterprise Co Ltd ("Changshu Lion"), became subsidiary companies of the Group.

Well Morning is an investment holding company incorporated in Hong Kong SAR and Changshu Lion is a company incorporated in the People's Republic of China ("PRC") which is principally involved in property development in Changshu, PRC. Changshu Lion is currently in liquidation.

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary companies are as follows:

	The Group RM'000
Property, plant and equipment	144
Inventories	30,061
Other receivables	352
Cash and cash balance	180,050
Trade and other payables	(5,722)
Tax liabilities	(6,006)
Total identified assets acquired and liabilities assumed	198,879
Goodwill arising on acquisition	11,473
Total consideration - Recovery	210,352
Satisfied by:	
Secured debts - fair value	210,352
Net cash flow from acquisition:	
Cash consideration	210,352
Less: Non-cash consideration - Secured debts	(210,352)
	–
Cash and cash equivalent balances acquired	180,050
Expenses incurred on acquisition	(5,818)
Net cash inflows on acquisition	174,232
Gain on settlement of secured debts derived from the following:	
Reversal of impairment losses	210,352
Goodwill on acquisition impaired (Note)	(11,473)
Expenses incurred on acquisition	(5,818)
Gain on settlement of secured debts	193,061

Note

The acquisition of Well Morning resulted in a goodwill of RM11,473,000. Subsequently, the goodwill was fully impaired as a result of voluntary liquidation of Changshu Lion.

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(b) Disposal of a subsidiary company

During the current financial period, Amsteel Mills Sdn Bhd, a 99% owned subsidiary of the Company had completed the disposal of its entire 100% equity interest in Antara Steel Mills Sdn Bhd ("Antara") on 10 December 2021. Consequent thereupon, Antara ceased to be subsidiary of the Company with effect from 10 December 2021.

The identified assets and liabilities in relation to the above disposal are as follows:

	The Group RM'000
Property, plant and equipment	22,015
Right-of-use assets	11,805
Deferred tax assets	28,269
Inventories	390,226
Trade receivables	20
Other receivables	5,781
Cash and cash balances	21,961
Trade and other payables	(212,806)
Lease liabilities	(10,078)
Net assets disposed of	257,193
Gain on disposal of a subsidiary company	440,547
Proceeds from disposal	697,740
Deferred payment	(98,498)
Cash and cash equivalents	(21,961)
Net cash inflow from disposal	577,281
Gain attributable to:	
- Owners of the Company	436,142
- Non-controlling interests	4,405
	440,547

18. INVESTMENT IN ASSOCIATED COMPANIES

	The Group		**The Company**	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
At cost:				
Quoted investments	**239,501**	239,501	**64,394**	64,394
Unquoted investments	**104,949**	104,949	**15,439**	15,439
	344,450	344,450	**79,833**	79,833
Share of post-acquisition results and reserves less dividends received	**154,031**	143,570	**–**	–
Accumulated impairment losses	**(12,655)**	(12,655)	**(15,439)**	–
	485,826	475,365	**64,394**	79,833
Market value of quoted investments	**93,112**	65,698	**13,417**	6,356

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

In prior year, the Group disposed of the entire equity interest in an associated company, Angkasa Amsteel Pte Ltd, for a total consideration equivalent to the entity's net assets.

Certain investment in associated companies of the Group and of the Company has been pledged as collateral to financial institutions for banking facility as disclosed in Note 29.

Management exercises its judgement in estimating the recoverable amounts of the investment. When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed.

The assessment of the recoverable amounts involves a number of methodologies. Judgements made by management in the process of applying the Group's accounting policies in respect of investment in associates are as follows:

The Group does not consider prolonged shortfall between market value and carrying amount as an indication of impairment as management believes that the quoted market price of the most recent transactions of the associate company does not reflect the recoverable amount of the investment of the associate company.

The Group consider the investment in associated companies as a long-term strategic investment which will be realised upon the disposal of the investment in associated companies.

Summarised financial information in respect of the Group's material associated company, Parkson Holdings Berhad ("Parkson") and reconciliation of the information of the carrying amount to the Group's interest in the associated companies, are set out below:

31.12.2021	**Parkson RM'000**	**Other individually immaterial associated companies RM'000**	**Total RM'000**
Summarised financial information			
Proportion of the Group's effective ownership interest	**26%**		
Assets and Liabilities			
Current assets	**2,231,417**	**246,214**	**2,477,631**
Non-current assets	**7,312,884**	**31,093**	**7,343,977**
Current liabilities	**(3,719,266)**	**(16,060)**	**(3,735,326)**
Non-current liabilities	**(2,971,313)**	**(20,909)**	**(2,992,222)**
Non-controlling interests	**(1,153,071)**	**–**	**(1,153,071)**
Net assets	**1,700,651**	**240,338**	**1,940,989**
1.7.2020 to 31.12.2021			
Results			
Revenue	**4,819,858**	**117,104**	**4,936,962**
(Loss)/Profit for the period	**(129,931)**	**3,759**	**(126,172)**
Other comprehensive profit for the period	**365,092**	**–**	**365,092**
Total comprehensive profit for the period	**235,161**	**3,759**	**238,920**
Group's share of (loss)/profit of associated companies	**(52,386)**	**1,448**	**(50,938)**
Dividend received/receivable from associated companies	**–**	**1,407**	**1,407**

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

31.12.2021	Parkson RM'000	Other individually immaterial associated companies RM'000	Total RM'000
Reconciliation of net assets to carrying amount			
Group's share of net assets	**438,519**	**47,307**	**485,826**
Carrying amount in the statements of financial position	**438,519**	**47,307**	**485,826**
30.6.2020			
Summarised financial information			
Proportion of the Group's effective ownership interest	**27%**		
Assets and Liabilities			
Current assets	2,337,439	232,200	2,569,639
Non-current assets	8,118,107	29,717	8,147,824
Current liabilities	(2,670,140)	(11,816)	(2,681,956)
Non-current liabilities	(5,161,520)	(20,336)	(5,181,856)
Non-controlling interests	(1,036,942)	–	(1,036,942)
Net assets	1,586,944	229,765	(1,816,709)
1.7.2019 to 30.6.2020			
Results			
Revenue	3,251,152	57,257	3,308,409
Loss for the year	(627,248)	(28,027)	(655,275)
Other comprehensive loss for the year	(71,820)	–	(71,820)
Total comprehensive loss for the year	(699,068)	(28,027)	(727,095)
Group's share of (loss)/profit of associated companies	(115,860)	691	(115,169)
Dividend received from associated companies	–	5,022	5,022
30.6.2020			
Reconciliation of net assets to carrying amount			
Group's share of net assets	430,071	45,294	475,365
Carrying amount in the statements of financial position	430,071	45,294	475,365

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

The carrying value of the Group's investment in associated companies is represented by:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Share of net assets (excluding goodwill)	**145,879**	133,452
Share of goodwill of associated companies	**339,947**	341,913
	485,826	475,365

The Group's share of results of an associated company Renor Pte Ltd which is under liquidation was recognised to the extent of the carrying amount of the investments. The cumulative and current year's unrecognised share of losses are as follows:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning and end of period/year	**26,739**	26,739

19. INVESTMENT IN JOINT VENTURE

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Unquoted shares:		
At cost	**125**	125
Share in post-acquisition results less dividend received	**(54)**	(94)
	71	31

Details of the joint venture are as follows:

Name of Joint Venture	Financial Year End	Country of Incorporation	Effective Percentage Ownership		Principal Activity
			31.12.2021	**30.6.2020**	
			%	**%**	
Mergexcel Property Development Sdn Bhd	31 March	Malaysia	**49**	49	Property development

19. INVESTMENT IN JOINT VENTURE (continued)

The joint venture is audited by a firm of auditors other than the auditors of the Company.

The summarised unaudited financial information in respect of the joint venture of the Group is set out below:

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Assets and Liabilities		
Current assets	**2,238**	2,112
Non-current assets	**–**	2
Current liabilities	**(31)**	(10)
Net assets	**2,207**	2,104

	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Results		
Revenue	**–**	–
Profit for the period/year	**72**	56
Group's share of profit of joint venture	**40**	31

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Reconciliation of net assets to carrying amount		
Group's share of net assets	**1,219**	1,162
Other adjustments	**(1,148)**	(1,131)
Carrying amount in the statements of financial position	**71**	31

The above profit for the period/year including the following:

	The Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Depreciation of property, plant and equipment	**–**	1
Interest income	**105**	80

20. LONG-TERM INVESTMENTS

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fair value through other comprehensive income				
Unquoted investments in Malaysia	**599**	611	**216**	216
At amortised cost				
Unquoted bonds, adjusted for accretion of interest	**68,378**	70,134	**–**	–
Less: Accumulated impairment losses	**(68,378)**	(70,134)	**–**	–
	–	–	**–**	–
Total	**599**	611	**216**	216

During the current financial period, the Directors reviewed the Group's and the Company's long-term investments measured at amortised cost for indication of impairment and concluded that the carrying amounts at the end of the reporting period are equivalent to their recoverable amounts.

Investments in unquoted bonds of the Group bears yield to maturity of 4.75% (30.6.2020: 4.75%) per annum.

21. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) of the Group and of the Company are as follows:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of period/year	**44,214**	43,340	**–**	–
Transfer to/(from) profit or loss (Note 10):				
Property, plant and equipment	**11,388**	26,767	**–**	–
Trade and other receivables	**(8,619)**	(16,611)	**–**	–
Inventories	**(4,250)**	4,917	**–**	–
Others	**(249)**	(1,466)	**–**	–
Unused tax losses and unabsorbed capital allowances	**(9,550)**	(12,733)	**–**	–
	(11,280)	874	**–**	–
Disposal of a subsidiary company	**(28,269)**	–	**–**	–
At end of period/year	**4,665**	44,214	**–**	–

21. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for the statements of financial position purposes:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Deferred tax assets	**8,435**	48,133	**–**	–
Deferred tax liabilities	**(3,770)**	(3,919)	**–**	–
	4,665	44,214	**–**	–

Deferred tax assets/(liabilities) presented in the statements of financial position are in respect of the tax effects of the following:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Deferred tax assets				
Temporary differences arising from:				
Trade and other receivables	**–**	8,619	**–**	–
Inventories	**667**	4,917	**–**	–
Others	**8,274**	8,527	**–**	–
Unused tax losses and unabsorbed capital allowances	**32,142**	41,692	**4**	100
	41,083	63,755	**4**	100
Disposal of a subsidiary company	**(28,269)**	–	**–**	–
Offsetting	**(4,379)**	(15,622)	**(4)**	(100)
Deferred tax assets (after offsetting)	**8,435**	48,133	**–**	–
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**5,187**	16,575	**4**	100
Others	**2,962**	2,966	**–**	–
	8,149	19,541	**4**	100
Offsetting	**(4,379)**	(15,622)	**(4)**	(100)
Deferred tax liabilities (after offsetting)	**3,770**	3,919	**–**	–

21. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets 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 and unused tax credits can be utilised. As at 31 December 2021, the estimated amount of temporary differences, unused tax losses, unabsorbed capital allowances and unused reinvestment allowances, for which the tax effects are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Temporary differences arising from:				
Property, plant and equipment	**(3,937)**	(43,760)	**–**	–
Right-of-use assets	**(96,654)**	(100,044)	**–**	–
Trade and other receivables	**245,829**	138,899	**–**	–
Others	**11,307**	17,792	**–**	–
Unused tax losses and unabsorbed capital allowances	**1,208,386**	1,209,807	**14,821**	14,806
Unused reinvestment allowances	**85,825**	85,825	**–**	–
	1,450,756	1,308,519	**14,821**	14,806

The availability of the unused tax losses, unabsorbed capital allowances and unused reinvestment allowances for offsetting future taxable profits of the Company and of the subsidiary companies are subject to the agreement with the tax authorities.

The unused tax losses are subject to agreement by the tax authorities.

In accordance with the provision of Finance Act 2021 requirement, the unused tax losses are available for utilisation in the next ten years, for which, any excess at the end of the tenth year, will be disregarded.

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Unused tax losses				
- Expired by 31 December 2028/ 30 June 2025	**677,556**	922,245	**12,175**	12,175
- Expired by 31 December 2029/ 30 June 2026	**123,076**	96,132	**–**	–
- Expired by 31 December 2030/ 30 June 2027	**264,700**	144,666	**–**	–
- Expired by 31 December 2031	**963**	–	**–**	–
	1,066,295	1,163,043	**12,175**	12,175

22. GOODWILL

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Goodwill on consolidation:		
At beginning and end of period/year	**131,644**	131,644
Cumulative impairment loss:		
At beginning and end of period/year	**(1,201)**	(1,201)
Net	**130,443**	130,443

Goodwill acquired in business combinations is allocated, at acquisition date, to cash-generating units ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the steel operations of the Group.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from a value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for next financial year and extrapolates cash flows for the following 4 financial years based on an estimated growth rate of 3% (30.6.2020: 5%) per annum. The pre-tax discount rate used is 10% (30.6.2020: 8%) per annum.

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

23. INVENTORIES

Inventories consist of the following:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property:				
Completed units for sale	**1,648**	2,424	**43**	43
Products at cost:				
Raw materials	**89,993**	142,070	**–**	–
Finished goods	**133,278**	120,052	**–**	–
General and consumable stores	**111,749**	138,672	**–**	–
Trading merchandise	**8,493**	9,377	**–**	–
	343,513	410,171	**–**	–
Less: Allowance for obsolescence of inventories	**(15,520)**	(37,097)	**–**	–
	327,993	373,074	**–**	–
Net	**329,641**	375,498	**43**	43

Movement in the allowance for obsolescence of inventories are as follows:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of period/year	**37,097**	27,975
Addition (Note 6)	**1,540**	9,956
Disposal of a subsidiary company	**(19,150)**	–
Written off	**(3,967)**	(834)
Net	**15,520**	37,097

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Trade receivables	**405,947**	437,237
Less: Accumulated impairment losses	**(146,629)**	(183,934)
Net	**259,318**	253,303

Trade receivables of the Group comprise amounts receivable for the sale of goods and services rendered. Trade receivable of the Company comprise amounts receivable for the sale of land previously held for development.

The credit period granted to customers ranges from 30 to 90 days (30.6.2020: 30 to 90 days).

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	The Group			
	31.12.2021		**30.6.2020**	
	Gross trade receivables RM'000	**Lifetime ECL RM'000**	**Gross trade receivables RM'000**	**Lifetime ECL RM'000**
Not past due	**203,299**	**1,552**	188,591	542
Past due				
1 to 30 days	**27,178**	**300**	14,075	155
31 to 60 days	**6,661**	**79**	19,880	312
More than 60 days	**168,809**	**144,698**	214,691	182,925
	405,947	**146,629**	437,237	183,934

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) Trade receivables (continued)

Movements in the accumulated impairment losses are as follows:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of period/year:	**183,934**	721,710
Impairment loss recognised during the period/year (Note 6)	**4,309**	9,721
Impairment loss no longer required*	**(40,711)**	(12,142)
Amount written off during the period/year	**(903)**	(535,355)
At end of period/year	**146,629**	183,934

* Included in this amount is an impairment loss no longer required of RM35,175,000 (30.6.2020: RM4,755,000) for the amount due from Lion DRI.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

As at 31 December 2021, the Group has trade receivables due from a major related party, Lion DRI (30.6.2020: Lion DRI and Megasteel) which have been fully impaired in the previous year:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Megasteel	**–**	3,412
Lion DRI	**113,402**	148,577
	113,402	151,989
Less: Accumulated impairment losses	**(113,402)**	(151,989)
Net	**–**	–

During the reporting period, the said outstanding receivables due from Megasteel was recovered pursuant to schemes of arrangement of Megasteel which was approved by Megasteel's secured and unsecured creditors at the Court Convened Meeting on 10 July 2019.

The Group recognised an impairment loss on trade receivables due from a major related party, Lion DRI (30.6.2020: Lion DRI and Megasteel) a major related party, based on the assessment on recoverability of receivable as disclosed in Note 4(i)(a).

The currency profile of trade receivables is as follows:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Ringgit Malaysia	**256,530**	211,640
United States Dollar	**2,788**	41,663
	259,318	253,303

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Other receivables, deposits and prepayments

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Other receivables	**486,602**	412,928	**4,747**	5,372
Less: Accumulated impairment losses	**(145,953)**	(326,090)	**(1,310)**	(1,392)
	340,649	86,838	**3,437**	3,980
Advance payments to suppliers	**68,688**	24,590	**–**	–
Dividend receivable from an associated company	**917**	4,567	**–**	–
Tax recoverable	**13,207**	20,319	**134**	111
Deposits	**10,946**	13,832	**273**	256
Prepayments	**26,915**	65,790	**–**	–
	461,322	215,936	**3,844**	4,347

<u>Movements in the accumulated impairment losses are as follows:</u>

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
At beginning of period/year	**326,090**	390,594	**1,392**	1,397
Impairment losses recognised during the year (Note 6)	**5,233**	4,797	**–**	–
Impairment losses no longer required*	**(176,071)**	(23,883)	**(82)**	(5)
Amount written off during the period/year	**(9,299)**	(45,418)	**–**	–
At end of period/year	**145,953**	326,090	**1,310**	1,392

* Included in this amount is an impairment loss no longer required of RM175,177,000 (30.6.2020: RM23,688,000) for the amount due from Graimpi and Lion DRI.

In determining the recoverability of other receivables, the Group considers any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Other receivables, deposits and prepayments (continued)

As at 31 December 2021, the Group has other receivables due from the following two major related parties, Lion DRI and Graimpi:

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Other receivables		
Megasteel	**–**	73
Lion DRI	**7,485**	34,273
Graimpi	**103,730**	252,119
	111,215	286,465
Less: Accumulated impairment losses	**(111,215)**	(286,465)
	–	–

The Group recognised an impairment loss on other receivables due from these major related parties based on an assessment of the recoverability of receivables, as disclosed in Note 4(i)(a).

(i) Included in other receivables of the Group is an amount of:

(a) RM103.7 million (30.6.2020: RM252.1 million) due from Graimpi, representing debts novated from Lion DRI, in prior years. The Group has recovered RM148.4 million from Graimpi pursuant to the secured debt settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation) during the reporting period.

At the end of the reporting period, the Group recognised an impairment loss amounting to RM103.7 million (30.6.2020: RM252.1 million) on the said outstanding receivables due from Graimpi.

Included in previous financial year was RM0.1 million representing the estimated deferred cash payment receivable from Megasteel pursuant to schemes of arrangement approved by Megasteel's secured and unsecured creditors at the Court Convened Meeting on 10 July 2019. The amount which was fully impaired in the previous financial years, has been received from Megasteel during the reporting period.

(b) RM7.5 million (30.6.2020: RM34.3 million) due from Lion DRI, is unsecured, interest-free and repayable on demand. The Group has recovered RM26.8 million from Lion DRI pursuant to the secured debt settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation) during the reporting period.

The Group recognised an impairment loss amounting to RM7.5 million on the said outstanding receivables due from Lion DRI.

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Other receivables, deposits and prepayments (continued)

(ii) The currency profile of other receivables, tax recoverable, deposits, prepayments and advance payments to suppliers is as follows:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**316,162**	164,616	**3,844**	4,347
United States Dollar	**144,177**	45,112	**–**	–
Chinese Renminbi	**352**	5,238	**–**	–
Singapore Dollar	**22**	22	**–**	–
Others	**609**	948	**–**	–
	461,322	215,936	**3,844**	4,347

25. RELATED COMPANY TRANSACTIONS

Amount owing by/to subsidiary companies

Amount owing by/to subsidiary companies comprises:

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Amount owing by subsidiary companies	**744,526**	740,069
Less: Accumulated impairment losses	**(122,965)**	(121,245)
Net	**621,561**	618,824
Amount owing to subsidiary companies	**169,172**	191,357

<u>Movement in the accumulated impairment losses is as follows:</u>

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of period/year	**121,245**	121,238
Impairment losses recognised during the period/year (Note 6)	**1,771**	7
Impairment losses on amount owing by subsidiary companies no longer required (Note 6)	**(51)**	–
At end of period/year	**122,965**	121,245

25. RELATED COMPANY TRANSACTIONS (continued)

Amount owing by/to subsidiary companies (continued)

Amount owing by subsidiary companies which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, is either interest-free or bears interest at 5% (30.6.2020: 5%) per annum and repayable on demand.

Amount owing to subsidiary companies which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, is interest-free (30.6.2020: interest-free) and repayable on demand.

The currency profile of amount owing by subsidiary companies is as follows:

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Ringgit Malaysia	**621,561**	618,803
United States Dollar	**–**	21
	621,561	618,824

The currency profile of amount owing to subsidiary companies is as follows:

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Ringgit Malaysia	**160,336**	182,521
Chinese Renminbi	**8,836**	8,836
	169,172	191,357

26. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES

(a) Investment in money market funds

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Fair value through profit or loss:		
Investment in money market funds	**2,417**	17,469

Investment in money market funds of the Group, denominated in Ringgit Malaysia are managed by a licensed fund management company of which amounts deposited can be withdrawn at the discretion of the Group given a two-day notice period.

(b) Deposits, cash and bank balances

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with financial institutions:				
Restricted	**27,898**	100,246	**3,250**	4,203
Unrestricted (Note 34)	**80,962**	133,530	**500**	2,050
	108,860	233,776	**3,750**	6,253
Housing Development Accounts (Note 34)	**19,626**	19,477	**4,313**	4,280
Cash and bank balances:				
Restricted	**44**	54	**44**	54
Unrestricted (Note 34)	**597,532**	80,210	**124**	51
	726,062	333,517	**8,231**	10,638

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the Company and certain subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled.

Included in deposits with financial institutions and cash and bank balances are the amount totalling RM27.9 million (30.6.2020: RM100.3 million) and RM3.3 million (30.6.2020: RM4.3 million) of the Group and of the Company, respectively, which have been earmarked for the repayment of the borrowings and pledged as collateral for bank guarantees granted.

26. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES (continued)

(b) Deposits, cash and bank balances (continued)

The effective interest rates during the financial period are ranged as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Deposits with financial institutions	**1.20% to 3.20**	1.50% to 3.35%	**1.30% to 1.75%**	1.55% to 3.25%

Deposits of the Group and of the Company have an average maturity of 182 days (30.6.2020: 182 days) and 365 days (30.6.2020: 365 days) respectively.

The currency profile of deposits, cash and bank balances is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Ringgit Malaysia	**694,184**	271,655	**8,231**	10,638
Chinese Renminbi	**29,877**	25,838	**–**	–
United States Dollar	**1,997**	36,011	**–**	–
Singapore Dollar	**4**	13	**–**	–
	726,062	333,517	**8,231**	10,638

The deposits, cash and bank balances denominated in Chinese Renminbi of the subsidiary companies in the People's Republic of China ("PRC") are subject to the exchange control restrictions of that country. The said deposits, cash and bank balances are available for use by the subsidiary companies in the PRC and the exchange control restrictions are applicable only if the monies are to be remitted to countries outside the PRC.

27. SHARE CAPITAL

Share capital of the Group and of the Company is presented by:

	The Group and The Company			
	31.12.2021		**30.6.2020**	
	Number of shares '000	**RM'000**	**Number of shares '000**	**RM'000**
Issued share capital:				
Ordinary shares:				
At beginning and end of period/year	**717,909**	**1,250,536**	717,909	1,250,536

28. RESERVES

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Non-distributable reserves:				
Treasury shares	**(13,193)**	(13,193)	**(13,193)**	(13,193)
Capital reserve	**(41,854)**	(100,913)	**5,419**	5,419
Translation adjustment reserve	**38,306**	19,164	**–**	–
	(16,741)	(94,942)	**(7,774)**	(7,774)
Retained earnings	**579,763**	95,991	**19,102**	20,684
	563,022	1,049	**11,328**	12,910

Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and of its shareholders.

As of 31 December 2021, the Company held 37,105,300 (30.6.2020: 37,105,300) treasury shares at a carrying amount of RM13,192,722 (30.6.2020: RM13,192,722).

Capital reserve

Capital reserve, which arose from share options lapsed, reclassified from equity compensation reserve and share of other reserves in LPB, a public listed subsidiary company, and associated companies.

Translation adjustment reserve

Exchange differences arising from the translation of foreign controlled subsidiary and associated companies are taken to the translation adjustment reserve as described in the accounting policies.

29. LOANS AND BORROWINGS

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Non-current				
Secured				
Obligations under lease arrangements (Note 29 (c))	**47,250**	47,250	**–**	–
Unsecured				
Obligations under hire-purchase arrangements (Note 29 (d))	**558**	751	**–**	–
	47,808	48,001	**–**	–

29. LOANS AND BORROWINGS (continued)

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Current				
Secured				
Obligations under lease arrangements (Note 29 (c))	**11,352**	19,400	**–**	–
Short-term loan from financial institution	**33,751**	14,672	**4,911**	4,912
Bank overdraft	**4,801**	13,989	**4,801**	4,672
Bills payable	**84,033**	67,236	**–**	–
Unsecured				
Obligations under hire-purchase arrangements (Note 29 (d))	**197**	307	**–**	–
Bills payable	**269**	–	**–**	–
	134,403	115,604	**9,712**	9,584
	182,211	163,605	**9,712**	9,584

The currency profile of loans and borrowings of the Group and of the Company are denominated in Ringgit Malaysia.

(a) Terms and debt repayment schedule

	The Group		
	Carrying amount RM'000	Within 1 year RM'000	2 to 5 years RM'000
31.12.2021			
Secured			
Obligations under lease arrangements (Note 29 (c))	**58,602**	**11,352**	**47,250**
Short-term loans from financial institutions	**33,751**	**33,751**	**–**
Bank overdraft	**4,801**	**4,801**	**–**
Bills payable	**84,033**	**84,033**	**–**
Unsecured			
Obligations under hire-purchase arrangements (Note 29 (d))	**755**	**197**	**558**
Bills payable	**269**	**269**	**–**
	182,211	**134,403**	**47,808**
30.6.2020			
Secured			
Obligations under lease arrangements (Note 29 (c))	66,650	19,400	47,250
Short-term loans from financial institutions	14,672	14,672	–
Bank overdraft	13,989	13,989	–
Bills payable	67,236	67,236	–
Unsecured			
Obligations under hire-purchase arrangements (Note 29 (d))	1,058	307	751
	163,605	115,604	48,001

29. LOANS AND BORROWINGS (continued)

(a) Terms and debt repayment schedule (continued)

		The Company	
	Carrying amount RM'000	**Within 1 year RM'000**	**2 to 5 years RM'000**
31.12.2021			
Secured			
Short-term loans from financial institutions	**4,911**	**4,911**	**–**
Bank overdraft	**4,801**	**4,801**	**–**
	9,712	**9,712**	**–**
30.6.2020			
Secured			
Short-term loans from financial institutions	4,912	4,912	–
Bank overdraft	4,672	4,672	–
	9,584	9,584	–

The short-term borrowings pertaining to certain subsidiary companies are secured by charges on the property, plant and equipment (Note 12) and floating charges over the other assets of the subsidiary companies, right-of-use-assets (Note 15) and long-term investments (Note 20).

The short-term borrowings of the Company are secured by charges on the investment in associated companies (Note 18) and investment in subsidiary companies (Note 17).

The short-term borrowings and hire-purchase obligations of the Group and of the Company bear interest at rates ranging from 3.84% to 9.52% (30.6.2020: 3.84% to 9.52%) and 4.33% to 8.35% (30.6.2020: 4.33% to 8.35%) per annum, respectively.

29. LOANS AND BORROWINGS (continued)

(b) Reconciliation of liabilities arising from financing activities

	As at 1 July 2019 RM'000	Financing cash flows RM'000	Other non-cash financing RM'000	As at 30 June 2020/ 1 July 2020 RM'000	Other non-cash financing RM'000	Financing cash flows RM'000	As at 31 December 2021 RM'000
The Group							
Obligations under lease arrangements	68,692	(2,042)	–	66,650	–	(8,048)	**58,602**
Obligations under hire-purchase arrangements	1,068	(315)	305	1,058	94	(397)	**755**
Short-term borrowings (other than current portion of lease payables and hire-purchase obligations)	93,473	(2,018)	4,442	95,897	33,812	(6,855)	**122,854**
	163,233	(4,375)	4,747	163,605	33,906	(15,300)	**182,211**
The Company							
Short-term borrowings	9,645	(61)	–	9,584	–	128	**9,712**

29. LOANS AND BORROWINGS (continued)

(c) Obligations under lease arrangements

Obligations under leases arrangements (previously known as finance lease payables) as follows:

	The Group Minimum lease payment	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Amounts payable under finance lease:		
Within one year	**13,602**	21,650
In the second to fifth year inclusive	**47,250**	50,625
	60,852	72,275
Less: Future finance charges	**(2,250)**	(5,625)
Present value of lease payables	**58,602**	66,650

The obligations under lease arrangements are repayable as follows:

	The Group Minimum lease payment	
	31.12.2021 RM'000	**30.6.2020 RM'000**
- not later than one year	**11,352**	19,400
- two to five years	**47,250**	47,250
	58,602	66,650

In previous financial years, Lion Metal Industries Sdn Bhd, a wholly-owned subsidiary of the Company disposed of its leasehold land and building to a third party. The said leasehold land and building is subsequently leased back by Amsteel Mills Sdn Bhd ("AMSB"), a subsidiary of the Company, with a contractual lease period of 5 years. Amsteel Mills has an option to purchase the leasehold land and building within the lease period. This lease arrangement had been assessed and classified as finance lease.

Obligations under lease arrangements, which are denominated in Ringgit Malaysia, bear interest at rates ranging from 9.25% to 10.30% (30.6.2020: 9.25% to 10.30%) per annum.

Obligations under lease arrangements of RM4,832,000 (30.6.2020: RM20,872,000) are secured by charges on certain of the property, plant and equipment (Note 12).

29. LOANS AND BORROWINGS (continued)

(d) Obligations under hire-purchase arrangements

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Minimum hire-purchase payments:		
- not later than one year	**226**	342
- two to five years	**594**	821
	820	1,163
Future finance charges on hire-purchase liabilities:		
- not later than one year	**(29)**	(35)
- two to five years	**(36)**	(70)
	(65)	(105)
Principal amount relating to hire-purchase liabilities	**755**	1,058

30. LEASE LIABILITIES

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of period/year	**34,119**	–	**87**	–
Upon adoption of MFRS 16	**–**	51,761	**–**	147
Addition	**21,297**	–	**230**	–
Disposal	**(2,741)**	–	**(132)**	–
Disposal of a subsidiary company (Note 17(b))	**(10,078)**	–	**–**	–
Finance costs (Note 9)	**3,048**	2,591	**8**	8
Payment of lease rental	**(26,500)**	(20,233)	**(100)**	(68)
	19,145	34,119	**93**	87
Breakdown:				
Non-current	**14,524**	20,123	**44**	22
Current	**4,621**	13,996	**49**	65
	19,145	34,119	**93**	87

30. LEASE LIABILITIES (continued)

The minimum lease payments for the lease liabilities are payable as follows:

The Group

	Future Minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
31.12.2021			
Less than 1 year	**5,494**	**(873)**	**4,621**
Between 1 to 2 years	**7,998**	**(1,019)**	**6,979**
Between 2 to 5 years	**8,272**	**(827)**	**7,445**
More than 5 years	**104**	**(4)**	**100**
Lease liabilities	**21,868**	**(2,723)**	**19,145**
30.6.2020			
Less than 1 year	15,740	(1,744)	13,996
Between 1 to 2 years	14,547	(967)	13,580
Between 2 to 5 years	6,674	(373)	6,301
More than 5 years	263	(21)	242
Lease liabilities	37,224	(3,105)	34,119

The Company

	Future Minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
31.12.2021			
Less than 1 year	**55**	**(6)**	**49**
Between 1 to 2 years	**44**	**–**	**44**
Lease liabilities	**99**	**(6)**	**93**
30.6.2020			
Less than 1 year	69	(4)	65
Between 1 to 2 years	22	–	22
Lease liabilities	91	(4)	87

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasure function.

30. LEASE LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statement of cash flows:

	1 July 2020 RM'000	Interest expense on lease liabilities RM'000	Repayments RM'000	Other non-cash financing RM'000	31 December 2021 RM'000
The Group					
Lease liabilities	34,119	3,048	(26,500)	8,478	**19,145**
The Company					
Lease liabilities	87	8	(100)	98	**93**

	1 July 2019 (on adoption of MFRS 16) RM'000	Interest expense on lease liabilities RM'000	Repayments RM'000	30 June 2020 RM'000
The Group				
Lease liabilities	51,761	2,591	(20,233)	34,119
The Company				
Lease liabilities	147	8	(68)	87

31. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES, AND CONTRACT LIABILITIES

(a) Trade payables

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Trade payables	**477,760**	422,863	**139**	139
Retention monies	**8,587**	8,080	**27**	27
	486,347	430,943	**166**	166

The normal credit period granted to the Group and the Company for trade purchases ranges from 30 to 60 days (30.6.2020: 30 to 60 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Ringgit Malaysia	**480,931**	395,564	**166**	166
United States Dollar	**4,358**	31,933	**–**	–
Euro	**1,030**	1,942	**–**	–
Singapore Dollar	**8**	323	**–**	–
Chinese Renminbi	**7**	402	**–**	–
Others	**13**	779	**–**	–
	486,347	430,943	**166**	166

(b) Other payables, deposits and accrued expenses

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Other payables and deposits	**211,063**	213,088	**485**	452
Accrued expenses	**135,755**	216,985	**536**	448
	346,818	430,073	**1,021**	900

Included in other payables of the Group, is an amount of RM14.6 million (30.6.2020: RM15.0 million) representing security deposits received from customers, which bear interest ranging from 11.75% to 12.00% (30.6.2020: 11.75% to 12.00%) per annum and have repayment periods ranging from 1 to 120 days (30.6.2020: 1 to 120 days).

31. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES, AND CONTRACT LIABILITIES (continued)

(b) Other payables, deposits and accrued expenses (continued)

The currency profile of other payables, deposits and accrued expenses is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Ringgit Malaysia	**309,003**	398,200	**1,021**	900
United States Dollar	**27,983**	26,323	**–**	–
Euro	**4,085**	630	**–**	–
Chinese Renminbi	**5,438**	4,543	**–**	–
Others	**309**	377	**–**	–
	346,818	430,073	**1,021**	900

(c) Contract liabilities

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Customer loyalty programs	**24,405**	18,509

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards.

A subsidiary company of the Company, accounts for the customer loyalty award credits as a separate obligation of the sales transactions in which they are granted. The consideration received in sales transactions is allocated between the loyalty award credits and the other component of the sales. The amount allocated to the loyalty award credits is determined by reference to its fair value and is deferred until the awards are redeemed or liability is extinguished.

The following table shows reconciliation from the opening balance to the closing balance for the contract liabilities.

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
At beginning of period/year	**18,509**	18,370
Provision during the period/year	**13,744**	8,162
Utilised during the period/year	**(7,848)**	(8,023)
At end of period/year	**24,405**	18,509

32. PROVISIONS

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Provision for indemnity for back pay labour claims from Sabah Forest Industries Sdn Bhd ("SFI") employees:		
At beginning of period/year	**3,473**	3,473
Payment during the period/year	**(3,473)**	–
At end of period/year	**–**	3,473

As part of the terms for the disposal of SFI, a former subsidiary company of LPB ("Disposal") in 2007, LPB agreed to indemnify SFI and the purchaser of SFI in full for all losses, damages, liabilities, claims, costs and expenses which SFI and the purchaser may incur or sustain as a result of or arising from litigation claims where the cause of action arose prior to the completion of the Disposal.

SFI entered into settlement agreements with certain of SFI's employees in relation to the arrears of wages allegedly due in respect of the annual increments from 1997 to 2006. A provision for the indemnity loss of RM3,473,000 has been made for the remaining employees in the previous financial year by the Group.

The Group had on 21 August 2020 paid an amount of RM3.47 million to SFI for its onward payment to SFI's employees. The payment was for the full and final settlement of the Group's obligations in relation to SFI's employees claim for alleged arrears of wages. Subsequent to the settlement, the Group was released and discharged from all obligations in connection with the said claims howsoever arising and from its obligation under the letter of indemnity.

33. DEFERRED PAYABLES

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Non-current		
Secured	**323,725**	–
Current		
Secured	**70,000**	–
	393,725	–

In 2019, the Group had announced the proposed expansion into the flat steel business through the proposed acquisition of flat steel assets for the production of hot rolled coils and cold rolled coils through the corporate proposals which had been completed during the financial period as disclosed in Note 40(i).

The Group shall undertake to settle the Megasteel Secured Lenders in exchange for the Encumbered Assets. The Secured Settlement of RM537,725,389 shall be paid by the Group with initial payment of RM84,000,000 upon implementation on 30 July 2020. The Balance Termed Payments will be paid over 4 years and 3 months and the Deferred Payment of RM120,622,392 will be paid at the end of 11 years and 3 months.

As at 31 December 2021, the Group had completed second tranche payment to the Secured Lenders.

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances (unrestricted) (Note 26(b))	**597,532**	80,210	**124**	51
Deposits with financial institutions (unrestricted) (Note 26(b))	**80,962**	133,530	**500**	2,050
Housing Development Accounts (Note 26(b))	**19,626**	19,477	**4,313**	4,280
Bank overdrafts (Note 29)	**(4,801)**	(13,989)	**(4,801)**	(4,672)
	693,319	219,228	**136**	1,709

35. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

Related parties are entities in which certain Directors and/or substantial shareholders of the Company or of its subsidiary companies or persons connected with such Directors and/or substantial shareholders have interest, excluding those parties disclosed in Notes 17, 18, 19 and 25.

The Group and the Company have the following significant transactions with related parties during the financial year, which were determined on terms not more favourable to the related parties than to third parties:

		The Company	
Name of Company	**Nature**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Subsidiary company			
Amsteel Mills Sdn Bhd	Interest income	**410**	278

Sales and purchase of goods and services and interest

		The Group	
Name of Company	**Nature**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Bright Steel Sdn Bhd	Sale of goods	**3,424**	6,070
Lion Tooling Sdn Bhd	Purchase of toolings	**2,148**	1,854
	Provision of engineering services	**–**	77
Parkson Corporation Sdn Bhd	Provision of training services	**1,270**	1,270
Lion Steelworks Sdn Bhd	Purchase of goods	**423**	69
Lion Mining Sdn Bhd	Sale of goods	**22**	22
Lion Titco Resources (Johor) Sdn Bhd	Purchase of goods	**8,430**	1,324
	Processing scrap charge	**–**	192
Compact Energy Sdn Bhd	Purchase of consumables	**34,263**	7,913
	Rental income	**549**	366
	Interest expense	**95**	46

35. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

The gross outstanding balances arising from the above transactions with related parties are as follows:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Receivables:				
Included in trade receivables	**63,566**	156,104	**–**	–
Included in other receivables	**13,213**	297,752	**1,908**	1,913
Payables:				
Included in trade payables	**–**	647	**–**	–
Included in other payables	**23,375**	27,411	**57**	57

The outstanding balances with related parties are either interest-free or bear interest at 8.00% (30.6.2020: either interest-free or bore interest at 8.00%) per annum and repayable on demand.

<u>Acquisition of land by Posim Marketing Sdn Bhd ("Posim Marketing")</u>

Posim Marketing, a subsidiary company of LPB, had on 25 November 2021 entered into a conditional sale and purchase agreement ("SPA") with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition by Posim Marketing of 10.879 acres of vacant freehold industrial land located at Banting Industrial City, Kuala Langat, Selangor ("BIC Industrial Park Development") from Bonus Essential for a cash consideration of RM26 million ("Purchase Consideration"). Posim Marketing had paid 50% of the total consideration amounting to RM13 million (shown as other receivable under non-current assets) upon signing of the SPA ("Acquisition of Land"). The Acquisition of Land has yet to be completed as at 31 December 2021.

The Purchase Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the market valuation as certified by Henry Butcher Malaysia Sdn Bhd.

Posim Marketing has lodged the private caveat and lien holder's caveat on the said land. Bonus Essential has procured a personal guarantee by Tan Sri Cheng Heng Jem, its ultimate shareholder, in favour of Posim Marketing with a guaranteed sum of RM26 million to secure the repayment by Bonus Essential in the event Bonus Essential failed to complete the Acquisition of Land.

36. SEGMENTAL INFORMATION

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision makers in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transaction are within the Group.

(a) Business Segments:

The Group's activities are classified into three major business segments:

- Steel - manufacture and marketing of steel bars, wire rods, hot briquetted iron and steel related products, and provision of chartering services;
- Building materials - trading and distribution of building materials and other steel products; and
- Others - property development and management, investment holding, treasury business, manufacture and trading of lubricants, spark plugs and provision of transportation services, agriculture, distributing and retailing of consumer products, none of which is of a sufficient size to be reported separately.

Inter-segment revenue comprises sales of goods and income from other business segments. These transactions are conducted on an arm's length basis under terms, conditions and prices not materially different from transactions with non-related parties.

Capital additions comprise additions to property, plant and equipment, investment properties and prepaid land lease payments.

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group 1.7.2020 to 31.12.2021	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Profit or Loss					
Revenue					
External revenue	3,047,502	739,917	150,027	–	3,937,446
Inter-segment revenue	373,562	–	30,588	(404,150)	–
Total revenue	3,421,064	739,917	180,615	(404,150)	3,937,446
Results					
Segment results	55,512	9,012	(55,953)	–	8,571
Finance costs	(28,506)	(427)	(2,345)	–	(31,278)
Share of results of:					
Associated companies	849	–	(51,787)	–	(50,938)
Joint venture	–	–	40	–	40
Investment income	1,039	2,067	7,175	–	10,281
Gain on settlements of secured debts	56,523	136,538	–	–	193,061
Gain on disposal of a subsidiary company	440,547	–	–	–	440,547
Profit before tax					570,284
Tax expenses					(31,043)
Profit for the period					539,241

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group 31.12.2021	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Financial Position					
Segment assets	1,712,082	359,862	933,295	–	3,005,239
Investment in associated companies and joint venture	6,853	–	479,044	–	485,897
Unallocated corporate assets					21,642
Consolidated Total Assets					3,512,778
Segment liabilities	788,241	47,758	616,672	–	1,452,671
Unallocated liabilities					21,402
Consolidated Total Liabilities					1,474,073
Other Information 1.7.2020 to 31.12.2021					
Capital expenditure	51,863	519	573,992	–	626,374
Depreciation and amortisation	124,641	186	10,860	–	135,687
Other non-cash (income)/ expenses	(496,953)	(147,742)	5,335	–	(639,360)

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group 1.7.2019 to 30.6.2020	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Profit or Loss					
Revenue					
External revenue	1,893,863	331,734	92,873	–	2,318,470
Inter-segment revenue	154,343	–	18,693	(173,036)	–
Total revenue	2,048,206	331,734	111,566	(173,036)	2,318,470
Results					
Segment results	(260,521)	22,212	(4,230)	–	(242,539)
Finance costs	(26,686)	(4)	(1,252)	–	(27,942)
Share of results of:					
Associated companies	(190)	–	(114,979)	–	(115,169)
Joint venture	–	–	31	–	31
Investment income	1,495	905	6,195	–	8,595
Loss before tax					(377,024)
Tax expenses					(6,146)
Loss for the year					(383,170)

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group 30.6.2020	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Financial Position					
Segment assets	1,298,933	197,548	475,640	–	1,972,121
Investment in associated companies and joint venture	6,320	–	469,076	–	475,396
Unallocated corporate assets					68,452
Consolidated Total Assets					2,515,969
Segment liabilities	844,732	39,348	196,662	–	1,080,742
Unallocated liabilities					8,407
Consolidated Total Liabilities					1,089,149
Other Information 1.7.2019 to 30.6.2020					
Capital expenditure	16,853	8	2,214	–	19,075
Depreciation and amortisation	97,454	65	7,689	–	105,208
Other non-cash expenses/ (income)	4,132	(22,465)	6,693	–	(11,640)

36. SEGMENTAL INFORMATION (continued)

b) Geographical Segments:

The Group operates in two main geographical areas:

- Malaysia - manufacture and marketing of steel bars, wire rods, hot briquetted iron and steel related products, provision of chartering services, property development and management, trading and distribution of building materials and consumables, manufacture and trading of lubricants, spark plugs and provision of transportation services, distributing and retailing of consumer products; and

- Others countries which are not sizable to be reported separately.

	Revenue 1.7.2020 to 31.12.2021 RM'000	Revenue 1.7.2019 to 30.6.2020 RM'000
Malaysia	**2,807,664**	1,487,455
Other countries	**1,129,782**	831,015
	3,937,446	2,318,470

	Total assets 31.12.2021 RM'000	Total assets 30.6.2020 RM'000	Capital expenditure 1.7.2020 to 31.12.2021 RM'000	Capital expenditure 1.7.2019 to 30.6.2020 RM'000
Malaysia	**3,332,655**	2,339,811	**626,370**	19,075
Other countries	**180,123**	176,158	**4**	–
	3,512,778	2,515,969	**626,374**	19,075

In determining the geographical segments of the Group, revenue is based on the country in which the customer is located. Total assets and capital additions are determined based on where the assets are located.

37. CONTINGENT LIABILITY

Contingent liability in respect of guarantees given by the Company for borrowings and other credit facilities obtained and utilised by subsidiary companies are as follows:

	The Company 31.12.2021 RM'000	The Company 30.6.2020 RM'000
Unsecured:		
Subsidiary companies	**778,710**	899,420

38. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following capital commitments:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Purchase of property, plant and equipment and others:		
Approved and contracted for	**13,000**	598,533
Approved but not contracted for	**2,900**	30,199
	15,900	628,732

39. FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going-concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 30 June 2020.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Group and of the Company (comprising issued capital, reserves and non-controlling interests).

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, management considers the cost of capital and risk associated with each class of capital.

Gearing Ratio

The gearing ratio at the end of the reporting period is as follows:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Debt (i)	**182,211**	163,605	**9,712**	9,584
Cash and cash equivalents (excluding bank overdrafts)	**(698,120)**	(233,217)	**(4,937)**	(6,381)
Net (cash)/debt	**(515,909)**	(69,612)	**4,775**	3,203
Equity (ii)	**2,038,705**	1,426,820	**1,261,864**	1,263,446
Debt to equity ratio	**N/A***	N/A*	**0.38%**	0.26%

* The Group is in net cash position, thus debt to equity ratio is not applicable.

(i) Debt is defined as finance lease payables, hire-purchase obligations and short-term borrowings as disclosed in Note 29.

(ii) Equity includes issued capital, reserves and non-controlling interests.

39. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Financial assets				
FVTPL:				
Investment in money market funds	**2,417**	17,469	**–**	–
FVTOCI:				
Unquoted investments	**599**	611	**216**	216
At amortised cost:				
Trade receivables	**259,318**	253,303	**–**	–
Other receivables and refundable deposits	**351,595**	100,670	**3,710**	4,236
Amount owing by subsidiary companies	**–**	–	**621,561**	618,824
Deposits, cash and bank balances	**726,062**	333,517	**8,231**	10,638
Financial liabilities				
At amortised cost:				
Trade payables	**486,347**	430,943	**166**	166
Other payables, deposits and accrued expenses	**346,818**	430,073	**1,021**	900
Amount owing to subsidiary companies	**–**	–	**169,172**	191,357
Lease liabilities	**19,145**	34,119	**93**	87
Loans and borrowings	**182,211**	163,605	**9,712**	9,584

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's and the Company's financial risk management principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

39. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group and the Company undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group		The Company	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
31.12.2021				
United States Dollar	**148,962**	**32,341**	**4**	**–**
Chinese Renminbi	**30,229**	**5,445**	**–**	**8,836**
Euro	**–**	**5,115**	**–**	**–**
Singapore Dollar	**26**	**8**	**–**	**–**
Others	**609**	**321**	**–**	**–**
	179,826	**43,230**	**4**	**8,836**
30.6.2020				
United States Dollar	122,786	58,256	21	–
Chinese Renminbi	31,076	4,945	–	8,836
Euro	–	2,572	–	–
Singapore Dollar	35	323	–	–
Others	948	1,156	–	–
	154,845	67,252	21	8,836

Foreign currency sensitivity analysis

The Group and the Company are exposed to the foreign currencies of United States Dollar, Singapore Dollar, Euro and Chinese Renminbi.

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on profit or loss before tax, the balances below would be negative.

39. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis (Continued)

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
United States Dollar	**(11,662)**	(6,454)	**(1)**	(2)
Chinese Renminbi	**(2,478)**	(2,613)	**854**	884
Euro	**512**	257	**–**	–
Singapore Dollar	**(2)**	29	**–**	–
	(13,630)	(8,781)	**853**	882

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 29.

The interest rates for the loans and borrowings and lease liabilities, which are fixed at the inception of the borrowing/financing arrangements, are disclosed in Notes 29 and 30 respectively.

Interest rate sensitivity analysis

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit or loss before tax for the period ended 31 December 2021 would increase or decrease by as follows:

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Floating rate liabilities				
Bank overdrafts	**24**	70	**25**	25
Bills payable	**422**	336	**–**	–
Term loan	**169**	73	**24**	23
	615	479	**49**	48

39. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Company is exposed to credit risk mainly from subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies, and repayments made by the subsidiary companies.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as of 31 December 2021, is the carrying amount of these receivables as disclosed in the statements of financial position.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

The Group 31.12.2021	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	**486,347**	**–**	**–**	**–**	**486,347**	**–**
Other payables, deposits and accrued expenses	**332,240**	**–**	**–**	**–**	**332,240**	**–**
Interest bearing:						
Other payables, deposits and accrued expenses	**14,578**	**–**	**–**	**–**	**14,578**	**11.75 - 12.00**
Lease liabilities	**5,488**	**6,755**	**9,515**	**110**	**21,868**	**2.50 - 6.65**
Loans and borrowings:						
Obligations under hire-purchase arrangements	**226**	**357**	**224**	**13**	**820**	**4.28 - 5.58**
Obligations under lease arrangements	**13,602**	**2,250**	**45,000**	**–**	**60,852**	**5.00 - 10.30**
Bank overdrafts	**4,801**	**–**	**–**	**–**	**4,801**	**6.60**
Bills payable	**84,302**	**–**	**–**	**–**	**84,302**	**2.36 - 4.92**
Short-term loans from financial institutions	**33,751**	**–**	**–**	**–**	**33,751**	**6.60 - 9.25**
	975,335	**9,362**	**54,739**	**123**	**1,039,559**	

39. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Group 30.6.2020	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	430,943	–	–	–	430,943	–
Other payables, deposits and accrued expenses	415,084	–	–	–	415,084	–
Interest bearing:						
Other payables, deposits and accrued expenses	14,989	–	–	–	14,989	11.25 - 11.75
Lease liabilities	15,740	14,547	6,674	263	37,224	4.62 - 6.67
Loans and borrowings:						
Obligations under hire-purchase arrangements	342	339	482	–	1,163	4.68 - 5.58
Obligations under lease arrangements	21,650	2,250	48,375	–	72,275	8.00 - 10.30
Bank overdrafts	13,989	–	–	–	13,989	3.84 - 8.35
Bills payable	67,236	–	–	–	67,236	3.84 - 8.35
Short-term loans from financial institutions	14,672	–	–	–	14,672	4.33 - 9.25
	994,645	17,136	55,531	263	1,067,575	

The Company 31.12.2021	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities					
Non-interest bearing:					
Trade payables	**–**	**–**	**166**	**166**	**–**
Other payables, deposits and accrued expenses	**1,021**	**–**	**–**	**1,021**	**–**
Amount owing to subsidiary companies	**169,172**	**–**	**–**	**169,172**	**–**
Interest bearing:					
Lease liabilities	**55**	**44**	**–**	**99**	**5.40 - 6.70**
Loans and borrowings:					
Bank overdrafts	**4,801**	**–**	**–**	**4,801**	**8.10**
Short-term loan from financial institutions	**4,911**	**–**	**–**	**4,911**	**6.60**
	179,960	**44**	**166**	**180,170**	

39. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company 30.6.2020	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities					
Non-interest bearing:					
Trade payables	166	–	–	166	–
Other payables, deposits and accrued expenses	900	–	–	900	–
Amount owing to subsidiary companies	191,357	–	–	191,357	–
Interest bearing:					
Lease liabilities	69	22	–	91	4.62 - 10.30
Loans and borrowings:					
Bank overdrafts	4,672	–	–	4,672	8.35
Short-term loan from financial institutions	4,912	–	–	4,912	4.33 - 8.35
	202,076	22	–	202,098	

At the end of the reporting period, it was not probable that the counter parties to the financial guarantee contracts will claim under the contracts. Consequently, the amount of financial guarantee is negligible.

Fair values of financial instruments

Except as detailed in the following table, the carrying amounts of the financial assets and the financial liabilities carried at amortised cost in the financial statements approximate their fair values.

	The Group		The Company	
31.12.2021	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Investment in money market funds	**2,417**	**2,417**	**–**	**–**
Unquoted investments	**599**	**–^**	**216**	**–^**
Financial liabilities				
Lease liabilities	**19,145**	**21,868#**	**93**	**99**
Loans and borrowings	**182,211**	**184,526***	**9,712**	**9,712***

39. FINANCIAL INSTRUMENTS (continued)

Fair values of financial instruments (continued)

	The Group		The Company	
30.6.2020	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Investment in money market funds	17,469	17,469#	–	–
Unquoted investments	611	–^	216	–^
Financial liabilities				
Lease liabilities	34,119	37,224	87	91
Loans and borrowings	163,605	169,335*	9,584	9,584*

\# The quoted market prices of quoted investments as at the end of the reporting period are used to determine the fair values of these financial assets.

^ It is not practical to determine the fair value of these unquoted investments due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

* The fair values of these financial instruments are estimated using discounted cash flow analysis based on current interest rates for similar types of borrowing arrangements.

No disclosure is made for balances with related companies and related parties as it is impractical to determine their fair values with sufficient reliability given these balances are repayable on demand.

39. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
31.12.2021				
Financial Assets				
Investment in money market funds	**2,417**	**–**	**–**	**2,417**
Unquoted investments	**–**	**–**	**599**	**599**
30.6.2020				
Financial Assets				
Investment in money market funds	17,469	–	–	17,469
Unquoted investments	–	–	611	611
The Company				
31.12.2021				
Financial Asset				
Unquoted investments	**–**	**–**	**216**	**216**
30.6.2020				
Financial Asset				
Unquoted investments	–	–	216	216

39. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Fair value of financial instruments that are not measured at fair value in the statements of financial position at the end of the reporting period (but fair value disclosures are required) are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
31.12.2021				
Financial Liabilities				
Lease liabilities	**–**	**–**	**21,868**	**21,868**
Loans and borrowings	**–**	**–**	**184,526**	**184,526**
30.6.2020				
Financial Liabilities				
Lease liabilities	–	–	37,224	37,224
Loans and borrowings	–	–	169,335	169,335
The Company				
31.12.2021				
Financial Liabilities				
Lease liability	**–**	**–**	**99**	**99**
Loans and borrowings	**–**	**–**	**9,712**	**9,712**
30.6.2020				
Financial Liabilities				
Lease liability	–	–	91	91
Loans and borrowings	–	–	9,584	9,584

40. SIGNIFICANT EVENTS

(i) During the previous financial year and current financial period, the Company had announced the proposed expansion into flat steel business through the proposed acquisitions of flat steel assets for the production of hot rolled coils and cold rolled coil ("Proposed Expansion into Flat Steel Business") involving the following corporate proposals ("Proposals"):

(a) Proposed acquisition by Cendana Aset Sdn Bhd ("Cendana Aset"), a wholly-owned subsidiary of Cendana Domain Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, from Megasteel Sdn Bhd ("Megasteel"), of the encumbered fixed and floating assets and the assignment of the entire debt owing by Secomex Manufacturing (M) Sdn Bhd ("Secomex") to Megasteel for a total purchase consideration of approximately RM537.73 million, which is payable by Cendana Aset to the secured lenders of Megasteel ("Megasteel Secured Lenders") ("Proposed Acquisition of Encumbered Assets");

(b) Proposed acquisition by Gelora Berkat Sdn Bhd ("Gelora Berkat"), a wholly-owned subsidiary of Tahap Berkat Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, of the promissory note to be issued by Megasteel ("MS Promissory Note") to the Megasteel Secured Lenders' appointed trustee ("Security Trustee") in relation to the under-secured portion debts for a cash consideration of RM8.50 million ("Purchase Consideration for MS Promissory Note"), which is payable by Gelora Berkat to the Megasteel Secured Lenders ("Proposed Acquisition of MS Promissory Note");

(c) Proposed acquisition by Gelora Berkat of all the unencumbered assets of Megasteel for a cash consideration of approximately RM21.59 million ("Proposed Acquisition of Unencumbered Assets") which is payable by Gelora Berkat to Megasteel; and

(d) Proposed supply of electricity to the Company and its subsidiary companies in Banting by Tenaga Nasional Berhad ("TNB") for their steel mill operations including the Proposed Expansion into Flat Steel Business for a cash consideration of RM35.80 million.

On 10 July 2019, Megasteel had obtained the approval from the respective Megasteel Secured Lenders and unsecured creditors of Megasteel (excluding TNB) ("Megasteel Unsecured Creditors") (including the Company and its affected subsidiary companies) for the respective scheme for the Megasteel Secured Lenders ("Megasteel Secured Scheme") and the Megasteel Unsecured Creditors ("Megasteel Unsecured Scheme") (collectively referred to as the "Schemes").

On 7 August 2019, Megasteel had further obtained sanction from the High Court of Malaya ("Court") for the Megasteel Secured Scheme and on 9 August 2019, a validation by the Court for the granting of the Land E Easement (as defined in the Company's announcement dated 11 June 2019).

On 10 September 2019, the Company received a letter from Megasteel informing that the Court Sanction for the Megasteel Unsecured Scheme in relation to the Proposed Acquisition of Unencumbered Assets was obtained on 10 September 2019.

The non-interested shareholders of the Company had on 29 November 2019, approved the Proposals at the Company's Adjourned Extraordinary General Meeting.

Secomex had on 27 July 2020 became a wholly-owned subsidiary of the Company following the registration of the 500,000 ordinary shares, representing 100% equity interest in Secomex in the name of Cendana Aset.

40. SIGNIFICANT EVENTS (continued)

(i) During the previous financial year and current financial period, the Company had announced the proposed expansion into flat steel business through the proposed acquisitions of flat steel assets for the production of hot rolled coils and cold rolled coil ("Proposed Expansion into Flat Steel Business") involving the following corporate proposals ("Proposals") (continued):

The following proposals under the Proposed Expansion into Flat Steel Business have been completed on 30 July 2020, being the Settlement Date (Secured Scheme) (as defined in the Company's announcement dated 11 June 2019):

(a) Proposed Acquisition of Encumbered Assets whereby the Security Trustee had released the upfront payment of RM84.00 million to each of the Megasteel Secured Lenders and the legal ownership of the Encumbered Assets have been transferred to Cendana Aset.

(b) Proposed Acquisition of MS Promissory Note whereby the Security Trustee had released the Purchase Consideration for MS Promissory Note of RM8.50 million to each of the Megasteel Secured Lenders and the right, title and interest under the MS Promissory Note which was duly signed and dated by the Security Trustee on Settlement Date (Secured Scheme) has been transferred to Gelora Berkat.

The MS Promissory Note was issued by Megasteel to the Security Trustee as full and final settlement of the entire under-secured portion debt of RM522.63 million with the Megasteel Secured Lenders. The MS Promissory Note allows Gelora Berkat to be entitled to receive a settlement amount payable by Megasteel estimated at approximately RM2.98 million pursuant to the Megasteel Unsecured Scheme.

The Court Order for the Megasteel Unsecured Scheme was lodged with the Companies Commission of Malaysia on 3 August 2020. Accordingly, the sale and purchase agreement for the Proposed Acquisition of Unencumbered Assets, had also been dated 3 August 2020.

The Megasteel Unsecured Scheme has been completed on 24 December 2021 and accordingly, all proposals under the Proposed Expansion into Flat Steel Business were therefore duly completed.

(ii) The Company had on 9 June 2020 together with Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Esteel Enterprise Pte Ltd ("Esteel" or "Buyer") for the proposed disposal by AMSB of its entire holding of (a) 218,010,000 ordinary shares; and (b) 30,000,000 redeemable preference shares in Antara Steel Mills Sdn Bhd ("Antara"), representing the entire 100% issued share capital of Antara to Esteel for a cash consideration of USD128.00 million (equivalent to approximately RM546.56 million) ("Proposed Disposal").

The Proposed Disposal is subject to, *inter alia*, a restructuring exercise to be undertaken by Antara prior to the completion of the Proposed Disposal ("Completion") such that on Completion, the sole assets of Antara shall comprise all assets which will enable the Buyer to use, maintain and/or operate the existing manufacturing facilities and business in Labuan in relation to hot-briquetted iron ("Specified Assets") ("Restructuring Exercise").

The assets and liabilities that are not related to the Specified Assets comprise mainly the long steel plant located in Pasir Gudang, Johor that produces billets which are rolled into steel bars and light sections such as angle bars, flat bars and U-channels, shall be transferred to AMSB or its nominee pursuant to the Restructuring Exercise.

AMSB had on 3 July 2020 acquired 100% equity interest in Eden Flame Sdn Bhd to act as its nominee in relation to the Restructuring Exercise. The Restructuring Exercise has been completed on 14 August 2020.

On 10 April 2021, due to certain conditions precedent as stated in the Amended & Restated Sale and Purchase Agreement ("A&R SPA") has not been fulfilled or waived, the A&R SPA has lapsed and the Proposed Disposal was not completed.

40. SIGNIFICANT EVENTS (continued)

(iii) The Company together with AMSB, entered into a conditional sale and purchase agreement with Esteel on 11 October 2021 for the proposed disposal by AMSB of its entire holding of (a) 218,010,000 ordinary shares; and (b) 30,000,000 redeemable preference shares in Antara, representing the entire 100% issued share capital of Antara to Esteel for an aggregate cash consideration of USD122 million (equivalent to approximately RM509.96 million) (Proposed Disposal II).

The Proposed Disposal II has been completed on 10 December 2021. Accordingly, Antara ceased to be a subsidiary company of the Company.

On 8 April 2022, Esteel has fully paid the final adjusted consideration to AMSB of approximately USD165.63 million (equivalent to approximately RM697.74 million).

(iv) On 30 December 2020, the Group completed the acquisition of 100% equity interest in Well Morning Limited ("Well Morning") by way of the transfer of the entire issued capital of Well Morning comprising 1 ordinary share pursuant to the secured debts settlement agreement. Thereafter, Well Morning and its only wholly-owned subsidiary company, Changshu Lion Enterprise Co Ltd, became subsidiary companies of the Group. The details of the acquisition of subsidiary companies are disclosed in Note 17.

(v) On 25 November 2021 Lion Posim Berhad ("LPB"), a 74% owned subsidiary company of the Company, had announced that Posim Marketing Sdn Bhd ("Posim Marketing"), a wholly-owned subsidiary company of LPB, had entered into a conditional sale and purchase agreement with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition by Posim Marketing of 10.879 acres of vacant freehold industrial land located at Kuala Langat, Selangor from Bonus Essential for a cash consideration of RM26 million ("Acquisition of Land"). The details of the Acquisition of Land are disclosed in Notes 35.

(vi) The Company together with AMSB, had on 15 December 2021 entered into a conditional assets sale agreement with Lion DRI Sdn Bhd, a wholly-owned subsidiary company of Lion Diversified Holdings Berhad (In liquidation), the Security Trustee and the Lender for the proposed acquisition of the direct reduced iron plant located in Banting, Selangor for a cash consideration of USD9 million (equivalent to RM38.07 million) on an "as is where is" basis.

41. SUBSEQUENT EVENTS

(i) The Company had on 6 January 2022 entered into a Novation Agreement with Grandprop Sdn Bhd ("Grandprop") and Premier Land Resources Sdn Bhd for the proposed acquisition of the sub-divided 80 acres land located in Sepang, Selangor by way of novation to LLB Bina Sdn Bhd of all rights, benefits, interests, obligations and liabilities of Grandprop under the Sale and Purchase Agreement for a cash consideration of RM23 million.

(ii) The Company had on 14 January 2022 together with AMSB entered into a conditional sale and purchase agreement with Esteel for the proposed disposal by AMSB of its entire 100% issued share capital in Eden Flame Sdn Bhd ("Eden Flame"), to Esteel for an adjusted consideration of RM135.88 million based on Eden Flame's proforma management account as at 30 November 2021 comprising the following share capital of Eden Flame ("Proposed Disposal of Eden Flame"):

(a) the existing issued share capital of Eden Flame of RM3,000,000, comprising 3,000,000 ordinary shares fully paid; and

(b) additional fully paid-up ordinary shares in Eden Flame to be issued arising from the capitalisation of the amount owing by Eden Flame to AMSB (if any) which shall be undertaken and completed prior to the completion of the Proposed Disposal of Eden Flame.

The Proposed Disposal of Eden Flame is pending completion.

42. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Name of company	Country of incorporation	Percentage ownership		Principal activities
		31.12.2021	**30.6.2020**	
		%	**%**	
* Amble Legacy Sdn Bhd	Malaysia	**100**	100	Investment holding
Cendana Domain Sdn Bhd	Malaysia	**100**	100	Investment holding
* Crest Wonder Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion Courts Sdn Bhd	Malaysia	**100**	100	Property development and investment holding
Lion Posim Berhad	Malaysia	**74[α]**	74[α]	Investment holding
Lion Group Management Services Sdn Bhd	Malaysia	**52[b]**	52[b]	Provision of management services

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
* Lion Metal Industries Sdn Bhd	Malaysia	**100**	100	Provision of storage facilities
* Lion Motor Venture Sdn Bhd	Malaysia	**100**	100	Investment holding
LLB Enterprise Sdn Bhd	Malaysia	**94**	94	Dormant
LLB Harta (L) Limited (In voluntary liquidation)	Malaysia	**100**	100	Treasury business
LLB Harta (M) Sdn Bhd	Malaysia	**100**	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to a debt restructuring exercise undertaken by the Company and certain of its subsidiary companies
* LLB Steel Industries Sdn Bhd	Malaysia	**100**	100	Investment holding
LLB Strategic Holdings Sdn Bhd	Malaysia	**100**	100	Dormant
* LLB Venture Sdn Bhd	Malaysia	**100**	100	Dormant
Malim Courts Property Development Sdn Bhd	Malaysia	**100**	100	Property development and investment holding
Mcken Sdn Bhd	Malaysia	**100**	100	Ceased operations
* Slag Aggregate Sdn Bhd	Malaysia	**100**	100	Investment holding
Sucorp Enterprise Sdn Bhd	Malaysia	**100**	100	Money lending and investment holding
Tahap Berkat Sdn Bhd	Malaysia	**100**	100	Investment holding
Subsidiary company of Amble Legacy Sdn Bhd				
* Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	People's Republic of China	**95**	95	Property development

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary company of Cendana Domain Sdn Bhd				
Cendana Aset Sdn Bhd	Malaysia	**100**	100	Renting and leasing of land and building as well as plant and machinery
Subsidiary company of Cendana Aset Sdn Bhd				
* Secomex Manufacturing (M) Sdn Bhd	Malaysia	**100**	–	Manufacturing and marketing of industrial gases
Subsidiary company of Crest Wonder Sdn Bhd				
Lunas Cemerlang Sdn Bhd	Malaysia	**100**	100	Investment holding
Subsidiary company of Lion Motor Venture Sdn Bhd				
* Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	People's Republic of China	**56**	56	Manufacture of meters for motor vehicles and after sales services (ceased operations)
Subsidiary company of Lunas Cemerlang Sdn Bhd				
Lion Steel Sdn Bhd (formerly known as Oriental Shield Sdn Bhd	Malaysia	**100**	100	Investment holding
Subsidiary companies of LLB Nominees Sdn Bhd				
* Holdsworth Investment Pte Ltd	Singapore	**70**	70	Investment holding
* Zhongsin Biotech Pte Ltd	Singapore	**51**	51	Investment holding
Subsidiary company of LLB Steel Industries Sdn Bhd				
* Steelcorp Sdn Bhd	Malaysia	**99**	99	Investment holding

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary company of LLB Venture Sdn Bhd				
Marvenel Sdn Bhd (Dissolved on 23 February 2022)	Malaysia	**70**	70	Dormant
Subsidiary companies of Malim Courts Property Development Sdn Bhd				
Berkat Timor Sdn Bhd	Malaysia	**100**	100	Dormant
Inspirasi Elit Sdn Bhd	Malaysia	**85**	85	Property development
JOPP Builders Sdn Bhd	Malaysia	**100**	100	Dormant
LLB Bina Sdn Bhd	Malaysia	**100**	100	Construction works and property development
LLB Indah Permai Sdn Bhd	Malaysia	**100**	100	Property development
LLB Suria Sdn Bhd	Malaysia	**100**	100	Investment holding
PM Holdings Sdn Bhd	Malaysia	**100**	100	Investment holding, property development and provision of management services
Soga Sdn Bhd	Malaysia	**98**	98	Property development
Sumber Realty Sdn Bhd	Malaysia	**100**	100	Investment holding and property development
Syarikat Pekan Baru Kemajuan Sdn Bhd	Malaysia	**100**	100	Dormant
Subsidiary company of Sucorp Enterprise Sdn Bhd				
Kisan Agency Sdn Bhd	Malaysia	**100**	100	Property development
Subsidiary company of Tahap Berkat Sdn Bhd				
Gelora Berkat Sdn Bhd	Malaysia	**100**	100	Investment holding

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of PM Holdings Sdn Bhd				
Citibaru Sendirian Berhad	Malaysia	**100**	100	Dormant
Malim Jaya (Melaka) Sdn Bhd	Malaysia	**100**	100	Property development
Subsidiary company of Soga Sdn Bhd				
Batu Pahat Enterprise Sdn Berhad	Malaysia	**100**	100	Dormant
Subsidiary company of Steelcorp Sdn Bhd				
Amsteel Mills Sdn Bhd	Malaysia	**100**	100	Manufacture and marketing of steel bars and wire rods
Subsidiary companies of Sumber Realty Sdn Bhd				
Projek Jaya Sdn Bhd	Malaysia	**100**	100	Investment holding
Seri Lalang Development Sdn Bhd	Malaysia	**100**	100	Ceased operations
Sharikat Pengangkutan East West Sdn Bhd	Malaysia	**100**	100	Dormant
Subsidiary companies of Amsteel Mills Sdn Bhd				
Amsteel Mills Marketing Sdn Bhd	Malaysia	**100**	100	Sale and distribution of steel products
* Amsteel Mills Realty Sdn Bhd	Malaysia	**100**	100	Ceased operations
Antara Steel Mills Sdn Bhd (Disposed on 10 December 2021)	Malaysia	**–**	100	Manufacture and sale of steel and related products
# Lion Waterway Logistics Sdn Bhd	Malaysia	**100**	100	Stevedoring and related activities and to own, lease and operate ships barges and to enter into charterparties
Eden Flame Sdn Bhd	Malaysia	**100**	–	Manufacture and sale of steel and related products

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of Lion Posim Berhad				
Gama Harta Sdn Bhd	Malaysia	**100**	100	Investment holding
Intra Inspirasi Sdn Bhd	Malaysia	**100**	100	Investment holding
LFIB Agriculture (Cambodia) Sdn Bhd	Malaysia	**100**	100	Investment holding
* Lion AMB Resources Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion Petroleum Products Sdn Bhd	Malaysia	**100**	100	Manufacturing of petroleum products
Posim EMS Sdn Bhd (Dissolved on 12 October 2021)	Malaysia	**100**	100	Provision of energy management and conservation services
Posim Marketing Sdn Bhd	Malaysia	**100**	100	Trading and distribution of building materials and steel products
Posim Petroleum Marketing Sdn Bhd	Malaysia	**100**	100	Trading, distribution and e-commerce of petroleum and automotive products
* Singa Logistics Sdn Bhd	Malaysia	**100**	100	Provision of transportation services
Subsidiary company of Gama Harta Sdn Bhd				
Brands Pro Management Sdn Bhd	Malaysia	**100**	100	Distribution and retailing of ACCA KAPPA products and other beauty and fashion brands

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies")				
^ Bright Triumph Investments Limited	British Virgin Islands	**100**	100	Investment holding
^ Distinct Harvest Limited	British Virgin Islands	**100**	100	Investment holding
^ Double Merits Enterprise Limited	British Virgin Islands	**100**	100	Investment holding
^ Elite Image Investments Limited	British Virgin Islands	**100**	100	Investment holding
^ Eminent Elite Investments Limited	British Virgin Islands	**100**	100	Investment holding
^ Green Choice Holdings Limited	British Virgin Islands	**100**	100	Investment holding
^ Radiant Elite Holdings Limited	British Virgin Islands	**100**	100	Investment holding
^ Up Reach Limited	British Virgin Islands	**100**	100	Investment holding
Subsidiary companies of BVI Companies				
^ Bright Triumph (Cambodia) Co., Limited	Cambodia	**100**	100	Investment and development in agriculture
^ Distinct Harvest (Cambodia) Co., Ltd	Cambodia	**100**	100	Investment and development in agriculture
^ Hi-Rev Lubricants (Cambodia) Co., Limited	Cambodia	**100**	100	Wholesale of petroleum products and related products
^ Elite Image (Cambodia) Co., Ltd (Dissolved on 2 November 2021)	Cambodia	**–**	100	Investment and development in agriculture

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of BVI Companies (continued)				
^ Eminent Elite (Cambodia) Co., Ltd	Cambodia	**100**	100	Investment and development in agriculture
^ Green Choice (Cambodia) Co., Limited	Cambodia	**100**	100	Investment and development in agriculture
^ Radiant Elite (Cambodia) Co., Ltd	Cambodia	**100**	100	Investment and development in agriculture
^ Up Reach (Cambodia) Co., Limited (In voluntary liquidation)	Cambodia	**100**	100	Investment and development in agriculture
Subsidiary companies of Lion AMB Resources Sdn Bhd				
AMB Harta (L) Limited (In voluntary Liquidation)	Malaysia	**100**	100	Treasury business
* AMB Venture Sdn Bhd	Malaysia	**100**	100	Investment holding
* CeDR Corporate Consulting Sdn Bhd	Malaysia	**100**	100	Provision of training services
Subsidiary company of Posim Marketing Sdn Bhd				
* Well Morning Limited	Hong Kong SAR	**100** [c]	–	Investment holding
Subsidiary companies of AMB Venture Sdn Bhd				
* Chrome Marketing Sdn Bhd	Malaysia	**100**	100	Investment holding
* Lion Tyre Venture Sdn Bhd	Malaysia	**100**	100	Investment holding
* Range Grove Sdn Bhd	Malaysia	**100**	100	Investment holding

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary company of Range Grove Sdn Bhd				
* Shanghai AMB Management Consulting Co Ltd	People's Republic of China	**100**	100	Provision of management services
Subsidiary company of Well Morning Limited				
* Changshu Lion Enterprise Co Ltd	People's Republic of China	**100**	–	Property development

* The financial statements of these companies are audited by auditors other than the auditors of the Company.

^ The financial statements of these companies are examined for the purpose of consolidation.

α 20% held by the Company and 54% held by Amsteel Mills Sdn Bhd.

b 35% held by Sucorp Enterprise Sdn Bhd and 17% held by Posim Petroleum Marketing Sdn Bhd.

c 70% held by Posim Marketing Sdn Bhd, 17% held by Lion Waterway Logistics Sdn Bhd and 13% held by Amsteel Mills Sdn Bhd.

The auditors' report on the financial statements of the subsidiary company include a material uncertainty related to going-concern in view of its capital deficiency positions at the end of the reporting period. The financial statements of the subsidiary company have been prepared on a going-concern basis as its ultimate holding company has undertaken to continue to provide financial support to the subsidiary company.

43. ASSOCIATED COMPANIES

The associated companies of the Group are as follows:

Name of company	Financial year-end	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Renor Pte Ltd (In liquidation)	30 June	Singapore	**40**	40	Investment holding
Lion Insurance Company Limited	31 December	Malaysia	**41**	41	Captive insurance business
Parkson Holdings Berhad	31 December	Malaysia	**26**	28	Investment holding
Lion Titco Resources Sdn Bhd	31 December	Malaysia	**40**	40	Processing of steel slag and metal extraction
Lion Corporation Berhad	31 December	Malaysia	**21**	21	Investment holding
Lion Asiapac Limited	30 June	Singapore	**37**	37	Investment holding
Angkasa Amsteel (M) Sdn Bhd (In voluntary liquidation)	30 June	Malaysia	**50**	50	Trading and distribution of fabricated steel reinforcement bars
Angkasa Steel Sdn Bhd (In voluntary liquidation)	30 June	Malaysia	**50**	50	Dormant

Except for Lion Insurance Company Limited, the financial statements of all the associated companies are audited by auditors other than the auditors of the Company.

44. COMPARATIVE FIGURE

The financial year end of the Company has changed from 30 June to 31 December. Accordingly, the current financial statements are prepared for 18 months from 1 July 2020 to 31 December 2021 compared to a 12-month period for the previous financial year ended 30 June 2020. As a result, the comparative figures stated in the statement of profit or loss, other comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

STATEMENT BY DIRECTORS

The Directors of **LION INDUSTRIES CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and the cash flows of the Group and of the Company for the period then ended.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI CHENG YONG KIM **CHENG HUI YA, SERENA**

26 April 2022

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **TAN SRI CHENG YONG KIM**, the Director primarily responsible for the financial management of **LION INDUSTRIES CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

TAN SRI CHENG YONG KIM

Subscribed and solemnly declared by the
abovenamed **TAN SRI CHENG YONG KIM**
at **Kuala Lumpur** in the Federal Territory on
the 26th day of April, 2022.

Before me,

W530
TAN SEOK KETT
COMMISSIONER FOR OATHS

LIST OF GROUP PROPERTIES

AS OF 31 DECEMBER 2021

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM Million)	Date of Acquisition/ Last Revaluation
1.	Taman Supreme Mukim of Cheras Kuala Lumpur	Freehold	12.1 hectares	Land	For future development	17.6	June 1991
2.	Lot 4343, 4344 & 4345 Mukim of Bacang Melaka	Leasehold 12.4.2081 (residential) 22.8.2077 (industrial)	3386 sq metres	Land	Property under development	1.5	June 1991
3.	Lot 11233 HS(D) 54584 Taman Tayton, Cheras Kuala Lumpur	Freehold	620 sq metres	Land	For future development	0.1	June 1991
4.	Mukim 17 North East District Batu Ferringhi Pulau Pinang	Freehold	28.2 hectares	Land	Property under development	50.9	June 1991
5.	PT 3494 Mukim of Bukit Raja Klang Selangor Darul Ehsan	Leasehold 9.11.2085	24.0 hectares	Industrial land and buildings	Office and factory (44)	16.6	22 October 1994
6.	PT 17631 Mukim of Bukit Raja Klang Selangor Darul Ehsan	Leasehold 29.10.2091	2,880 sq metres	Industrial land and buildings	Office and factory (44)	0.6	22 October 1994
7.	PT 3510, HS(D) 24284 Mukim of Bukit Raja Klang Selangor Darul Ehsan	Leasehold 21.10.2088	2.9 hectares	Industrial land and buildings	Office and factory (26)	5.6	22 October 1994
8.	Lot 19322, 2582 & 2584 Mukim of Tanjung Dua Belas District of Kuala Langat Selangor Darul Ehsan	Freehold	69.4 hectares	Industrial land and buildings	Office and factory (16-21)	87.7	1996
9.	Pasir Gudang Industrial Estate 81707 Pasir Gudang, Johor - PLO 417, Jalan Gangsa Satu - PLO 218, Jalan Gangsa Satu - PLO 277, Jalan Gangsa Satu	Leasehold 17.6.2052 26.12.2056 29.9.2038	 6.3) 4.4) 6.5) hectares	Industrial land and buildings	Office and factory (30) (26) (43)	 3.0) 9.5) 1.2)	September 2002

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM Million)	Date of Acquisition/ Last Revaluation
10.	PLO 495, Jalan Keluli Pasir Gudang Industrial Estate 81707 Pasir Gudang, Johor	Leasehold 6.2.2025	11.1 hectares	Industrial land and buildings	Warehouse (26)	2.4	September 2002
11.	Blok 86 & 87 Jalan Tembusu Taman Air Biru 81700 Pasir Gudang, Johor	Leasehold 2.11.2085	3,080.8 sq metres	Apartments/ flats	Rental (27)	3.3	June 2017
12.	H.S.(D) 13422 PT 17213, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	30.33 acres	Industrial land	–	13.8	July 2020
13.	H.S.(D) 13423 PT 17214, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	107.68 acres	Industrial land	–	49.0	July 2020
14.	H.S (D) 13424 PT 17215, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	240.34 acres	Industrial land and building	23	180.2	July 2020
15.	H.S.(D) 13426 PT 17218, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	46.34 acres	Industrial land	–	21.1	July 2020
16.	H.S.(D) 26819 PT 17217, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	50.18 acres	Industrial land	–	23.1	December 2021
17.	Lot 2319, 2320, 2321, 2323, 2823 & 2324 Mukim of Tanjung Dua Belas District of Kuala Langat, Selangor	Freehold	1.7 hectares	Industrial land and building	–	2.2	July 2020
18.	PT3501, HS(D) 24277 Mukim of Kapar Klang Selangor Darul Ehsan	Leasehold 22.10.2088	3.2 hectares	Industrial land and building	Office and factory (32)	22.1	January 2013
19.	Lot 72 Persiaran Jubli Perak 40000 Shah Alam Selangor Darul Ehsan	Freehold	2.02 hectares	Industrial land and building	Factory (27)	10.1	March 2003

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM Million)	Date of Acquisition/ Last Revaluation
20.	12 & 12/1 Jalan Nangka Tiga Taman Rumpun Bahagia 75300 Bacang Melaka	Leasehold 21.7.2084	153.3 sq metres	Land and building	2-storey shop office (36)	0.1	March 2003
21.	Centre Point Business Park Unit No. B-8-1 & B-8-2 5, Jalan Tanjung Karamat 26/35, Seksyen 26 40400 Shah Alam Selangor Darul Ehsan	Freehold	252.3 sq metres	Building	Office (23)	0.3	March 2003
22.	50-2 & 50-3 Jalan Wangsa 2/5 Taman Wangsa Permai 52200 Kuala Lumpur	Leasehold 21.10.2087	130.1 sq metres	Land and building	2-storey shop office (23)	0.1	March 2003
23.	B2-2-39B Jalan Pinggiran 1/3 Taman Pinggiran Putra Seksyen 1 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold 13.12.2097	63.0 sq metres	Building	Office (19)	0.1	July 2004
24.	Preah Net Preah District Bantey Meanchey Province Cambodia	Freehold	3,372 hectares	Land	Vacant	49.5	July 2018
25.	Sangkum Thmei and Rovieng District Preah Vihear Province Cambodia	Leasehold 5.8.2071	7,406 hectares	Land	Vacant	20.6	30 March 2012

ANALYSIS OF SHAREHOLDINGS

Issued Shares as at 31 March 2022

Total Number of Issued Shares	:	717,909,365*
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Note:

* *Inclusive of 37,105,300 shares bought back by the Company and retained as treasury shares as at 31 March 2022.*

Distribution of Shareholdings as at 31 March 2022

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares[(a)]
Less than 100	3,124	16.71	123,790	0.02
100 to 1,000	5,079	27.16	2,890,705	0.42
1,001 to 10,000	7,386	39.50	33,251,129	4.88
10,001 to 100,000	2,674	14.30	85,754,973	12.60
100,001 to less than 5% of issued shares	432	2.31	367,959,844	54.05
5% and above of issued shares	3	0.02	190,823,624	28.03
	18,698	100.00	680,804,065	100.00

Substantial Shareholders as at 31 March 2022

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**% of Shares[(a)]**	**No. of Shares**	**% of Shares[(a)]**
1. Tan Sri Cheng Heng Jem	222,785,449	32.72	12,709,351	1.87
2. Tan Sri Cheng Yong Kim	11,428,289	1.68	74,472,627	10.94
3. Dynamic Horizon Holdings Limited	74,472,627	10.94	–	–

Note:

[(a)] *Based on the total number of issued shares of the Company, excluding 37,105,300 shares bought back by the Company and retained as treasury shares as at 31 March 2022.*

Thirty Largest Registered Shareholders as at 31 March 2022

Registered Shareholders		No. of Shares	% of Shares[a]
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	90,369,951	13.27
2.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	57,500,000	8.45
3.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	42,953,673	6.31
4.	Maybank Nominees (Asing) Sdn Bhd MTrustee Berhad for Dynamic Horizon Holdings Limited (419461)	32,600,000	4.79
5.	RHB Nominees (Asing) Sdn Bhd Pledged Securities Account for Dynamic Horizon Holdings Limited	29,789,051	4.38
6.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Cheng Heng Jem (419450)	25,900,000	3.80
7.	Affin Hwang Nominees (Asing) Sdn Bhd Dynamic Horizon Holdings Limited	12,000,000	1.76
8.	Cheng Yong Kim	11,409,539	1.68
9.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Islamic Small Cap Opportunities Fund	10,170,100	1.49
10.	Ooi Chin Hock	10,100,000	1.48
11.	LDH Management Sdn Bhd	9,935,200	1.46
12.	RHB Nominees (Tempatan) Sdn Bhd Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Cheng Heng Jem	6,033,430	0.89
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Ann Huat	5,663,300	0.83
14.	Tiong Nam Logistics Holdings Berhad	5,400,000	0.79
15.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	5,322,464	0.78
16.	Amanahraya Trustees Berhad AC Principal Islamic Enhanced Opportunities Fund	4,908,100	0.72
17.	Amanahraya Trustees Berhad AC Principal Islamic Malaysia Opportunities Fund	4,854,900	0.71
18.	Lion-Parkson Foundation	4,030,694	0.59
19.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mahalingam A/L Sinnatamby (E-SJA/USJ)	3,688,000	0.54
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for TNTT Realty Sdn Bhd	3,360,200	0.49
21.	Liang Teh Hai	3,300,000	0.48
22.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Principal Small Cap Opportunities Fund	2,997,700	0.44
23.	Low Kien Khuan	2,746,100	0.40
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Yoong Nyock (8039533)	2,739,800	0.40
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Tiem Chai (E-BPT)	2,625,000	0.39
26.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kok Ewe	2,555,000	0.38
27.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Dali Equity Fund	2,544,700	0.37
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment-HW Shariah Flexi Fund	2,500,000	0.37
29.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Huat	2,358,500	0.35
30.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chiew Eng @ Ng Chiew Ming	2,266,000	0.33

Note:

[a] *Based on the total number of issued shares of the Company, excluding 37,105,300 shares bought back by the Company and retained as treasury shares as at 31 March 2022.*

Directors' Interests in Shares in the Company and its Related Corporations as at 31 March 2022

The Directors' interests in shares in the Company and its related corporations as at 31 March 2022 are as follows:

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
The Company				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	100,000	0.01[(a)]	100,000	0.01[(a)]
Tan Sri Cheng Yong Kim	11,428,289	1.68[(a)]	74,745,649	10.98[(a)]
Related Corporation				
Tan Sri Cheng Yong Kim				
Lion Posim Berhad ("LPB")	130	Negligible[(b)]	2,059	Negligible[(b)]

Notes:

[(a)] *Based on the total number of issued shares of the Company, excluding 37,105,300 shares bought back by the Company and retained as treasury shares as at 31 March 2022.*

[(b)] *Based on the total number of issued shares of the Company, excluding 3,745,000 shares in LPB bought back by LPB and retained as treasury shares as at 31 March 2022.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 31 March 2022.

OTHER INFORMATION

(I) MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

1. Memorandum of Understanding ("MOU") dated 3 July 2018, Supplemental MOU dated 1 November 2018 and Second Supplemental MOU dated 11 June 2019 between the Company and Megasteel Sdn Bhd ("Megasteel"), a subsidiary of Lion Corporation Berhad ("LCB") wherein a major shareholder of the Company has interests, in relation to the Company's proposed expansion into the flat steel business through the proposed acquisitions of flat steel assets with a production capacity of 3.20 million metric ton per annum of hot-rolled coils and 0.70 million metric ton per annum of cold rolled coils involving the following ("Proposed Expansion into Flat Steel Business"):

   (a) Proposed acquisition by Cendana Aset Sdn Bhd ("Cendana Aset"), a wholly-owned subsidiary of Cendana Domain Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, of all encumbered fixed and floating assets including (i) land and buildings, plant and machineries and floating assets owned by Megasteel; and (ii) 500,000 ordinary shares, representing 100% equity interest in Secomex Manufacturing (M) Sdn Bhd, a wholly-owned subsidiary of Megasteel that are charged to the secured lenders of Megasteel ("Megasteel Secured Lenders"), from Megasteel for a purchase consideration of approximately RM537.73 million which is payable by Cendana Aset to the Megasteel Secured Lenders ("Proposed Acquisition of Encumbered Assets") in 6 tranches of deferred payments over a period of 11 years and 3 months from the First Payment Date (as defined herein below);

   (b) Proposed acquisition by Gelora Berkat Sdn Bhd ("Gelora Berkat"), a wholly-owned subsidiary of Tahap Berkat Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, of the MS Promissory Note to be issued by Megasteel to the Megasteel Secured Lenders' appointed trustee in relation to the under-secured portion debt for a cash consideration of RM8.50 million which is payable by Gelora Berkat to the Megasteel Secured Lenders ("Proposed Acquisition of MS Promissory Note"); and

   (c) Proposed acquisition by Gelora Berkat of all the following unencumbered assets of Megasteel for a cash consideration of approximately RM21.59 million which is payable to Megasteel ("Proposed Acquisition of Unencumbered Assets"):

      (i) freehold land measuring approximately 203,069 square metres held under Geran H.S.(D) 26819 No. PT17217 in Mukim of Tanjong Duabelas, District of Kuala Langat, State of Selangor; and

      (ii) that piece of land measuring 9,222 square metres held under Geran H.S.(D) 43988 PT 457 in Pekan Bukit Changgang, District of Kuala Langat, State of Selangor.

   The Proposed Acquisition of Encumbered Assets and the Proposed Acquisition of MS Promissory Note had been completed on 30 July 2020 ("First Payment Date") and the Proposed Acquisition of Unencumbered Assets had been completed on 24 December 2021.

2. Tri-partite Settlement Agreement dated 3 July 2018 ("Agreement") entered into among Oriental Shield Sdn Bhd (now known as Lion Steel Sdn Bhd) ("Lion Steel"), a wholly-owned subsidiary of the Company, Megasteel and Tenaga Nasional Berhad ("TNB") and letters of extension of time from TNB dated 13 September 2018, 11 March 2019 and 11 July 2019 for the proposed supply of electricity to the Company and its subsidiaries in Banting to facilitate the Proposed Expansion into Flat Steel Business for a cash consideration of RM35.80 million ("Full Settlement Sum").

   The Agreement became unconditional on 29 November 2019 following which payment obligations by Lion Steel commenced on 27 December 2019 ("TNB First Payment") and the Full Settlement Sum shall be settled over 4 years from the TNB First Payment.

3. Settlement Cum Share Sale Agreement dated 16 December 2020 ("Settlement Agreement") between Antara Steel Mills Sdn Bhd ("Antara"), Lion Waterway Logistics Sdn Bhd ("LWL"), Posim Marketing Sdn Bhd ("Posim Marketing") (collectively, the "Secured Parties"), and Lion Diversified Holdings Berhad (In liquidation) ("LDHB"), acting by and through the appointed liquidator, Datuk Tee Guan Pian, for the settlement of the entire outstanding secured debts of approximately RM210.35 million ("Outstanding Secured Amount") due and owing by certain subsidiaries of LDHB to the Secured Parties for an aggregate settlement amount of approximately RM210.35 million ("Settlement Amount"), by way of the transfer of the 1 ordinary share in Well Morning Limited ("Well Morning") of HKD1.00, representing 100% equity interest in Well Morning ("Well Morning Share") held by LDHB to the Secured Parties according to the agreed proportion pursuant to the Settlement Agreement ("Agreed Proportion") where the Secured Parties have agreed to settle and transfer the Well Morning Share on an "as is where is" basis in the Agreed Proportion ("Proposed Settlement") in accordance with the terms of the Settlement Agreement in which case, the parties thereto had mutually agreed that being enforcement of the share charge over the Well Morning Share granted to Posim Marketing as the Security Agent for the Secured Parties, the Settlement Amount for the transfer of the Well Morning Share shall be deemed paid by the Secured Parties to LDHB by way of an equivalent reduction in the Outstanding Secured Amount in the Agreed Proportion.

   Antara and LWL are wholly-owned subsidiaries of Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company while Posim Marketing is a wholly-owned subsidiary of Lion Posim Berhad, which is in turn a 74% owned subsidiary of the Company.

   LDHB is a company wherein a major shareholder of the Company is deemed to have substantial interest.

   Antara had on 30 December 2020, being the completion date of the Proposed Settlement, novated all its benefits, rights and interest in relation to and in connection with the Settlement Agreement to AMSB, its holding company pursuant to a Deed of Assignment dated 30 December 2020.

4. Assets Sale Agreement dated 15 December 2021 between Lion DRI Sdn Bhd ("Lion DRI"), a wholly-owned subsidiary of LDHB, Lion DRI's lender (as Security Trustee and Lender) and AMSB, for the acquisition of the direct reduced iron plant located in Banting for a cash consideration of USD9 million (equivalent to approximately RM38.07 million) ("Proposed Acquisition of DRI Plant").

   The Proposed Acquisition of DRI Plant was completed on 16 December 2021.

5. Novation Agreement dated 6 January 2022 between Premier Land Resources Sdn Bhd ("Vendor"), Grandprop Sdn Bhd ("Grandprop"), a company wherein a major shareholder of the Company has interest, and LLB Bina Sdn Bhd ("LLB Bina"), a wholly-owned subsidiary of the Company, for the purchase of 80 acres of land being part of an undivided share forming part of the land held under Pajakan Negeri 113455, Lot 8590, Mukim Labu, Daerah Sepang, Negeri Selangor by way of novation of all of Grandprop's rights, benefits, interests, obligations and liabilities under the conditional sale and purchase agreement dated 20 November 2020 entered into between the Vendor and Grandprop, to LLB Bina for a cash consideration of RM23 million.

(II) NON-AUDIT FEES

The amount of non-audit fees paid or payable to External Auditors by the Group and Company for the 18-month financial period was RM16,500 and RM9,000 respectively (RM14,000 and RM8,000 respectively in 2020).

(III) STATUS OF UTILISATION OF PROCEEDS RAISED FROM A CORPORATE EXERCISE

Amsteel Mills Sdn Bhd, a 99% owned subsidiary of the Company had on 10 December 2021 completed the disposal of its entire 100% equity interest in Antara Steel Mills Sdn Bhd to Esteel Enterprise Pte Ltd for a Final Adjusted Consideration of approximately USD165.63 million (equivalent to approximately RM697.74 million) as announced on 8 April 2022 ("Disposal")

The status of the utilisation of proceeds from the Disposal as at 31 March 2022 was as follows:

	Proposed Utilisation of Proceeds	**Updated Proposed Utilisation of Proceeds* RM'million**	**Actual Utilisation as at 31 March 2022 RM'million**
(a)	Proposed Expansion into Flat Steel Business *(as defined in the Company's Circular to Shareholders dated 5 November 2019)* that includes investment/cost for the following:		
	- Proposed Acquisition of Unencumbered Assets	22.14	22.14
	- partial payment of deferred payables in relation to the Proposed Acquisition of Encumbered Assets which was completed on 30 July 2020	40.00	40.00
	- estimated start-up cost for the Flat Steel Assets to resume operation which includes cost for the replacement of parts, testing of machinery and hiring of manpower	150.00	126.50
(b)	Funding requirement for any new investment/business and/or the existing businesses (including any upgrading of plant and equipment and production process/methodology) comprising investment/business such as upstream and/or downstream steel/property related businesses	190.30	–
	Identified allocation under item (b):		
	(i) Proposed acquisition of DRI Plant *(as announced by the Company on 16 December 2021)*	40.80	38.25
	(ii) Working capital for the Group *(as announced by the Company on 7 March 2022)*	200.00	83.43
		431.10	121.68
(c)	Working capital for the Group	50.00	50.00
(d)	Estimated expenses in relation to the Disposal	4.50	4.50
Total		**697.74**	**364.82**

Note:
** as announced by the Company on 8 April 2022*

(IV) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the 18-month financial period ended 31 December 2021 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
Steel related		
(i) Sale of scrap iron, steel bars, wire rods, hot briquetted iron, billets and other related products and services	Lion Corporation Berhad Group ("LCB Group") [1]	3,424
(ii) Purchase of scrap iron and other related products and services	LCB Group [1]	423
	Lion Asiapac Limited Group ("LAP Group") [1]	34,263
		34,686
(iii) Purchase of tools, dies and spare parts	ACB Resources Berhad Group [1]	2,148
(iv) Provision of storage, leasing and rental of properties, management and support, and other related services	LAP Group [1]	549

Notes:

"Group" includes subsidiary and associated companies, excluding public companies.

(1) Companies in which a major shareholder of the Company has a substantial interest.

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FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ____

NRIC/Passport/Registration No. ____

of ____

being a member of LION INDUSTRIES CORPORATION BERHAD, hereby appoint ______________________________

____

NRIC/Passport No. ____

of ____

or failing whom, ____

NRIC/Passport No. ____

of ____

as my/our proxy to vote for me/us and on my/our behalf at the 91st Annual General Meeting of the Company ("91st AGM") to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 May 2022 at 10.00 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-elect Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin as Director		
4. To re-elect Y. Bhg. Dato' Nik Rahmat bin Nik Taib as Director		
5. To re-elect Ms Yap Soo Har as Director		
6. To re-appoint Messrs Deloitte PLT as Auditors		
7. Authority to Directors to Issue and Allot Shares		
8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		
9. Proposed Renewal of Share Buy-Back Authority		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this __________ day of ____________________ 2022

No. of shares: __________________________ Signed: __________________________

Representation at Meeting:

(i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 20 May 2022 shall be eligible to participate at the Meeting.

(ii) A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.

(iii) If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.

(iv) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.

(v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(vi) The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.

(vii) Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.

- The 91st AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at https://sshsb.net.my/. Please refer to the procedures provided in the Administrative Guide for the 91st AGM for registration, participation and remote voting via the RPV facilities.

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