AYS VENTURES BERHAD

2020

ANNUAL REPORT

Contents

Our Vision

To excel as a regional strategic steel distribution hub catering to the needs of the engineering, fabrication and construction industry.

Our Mission

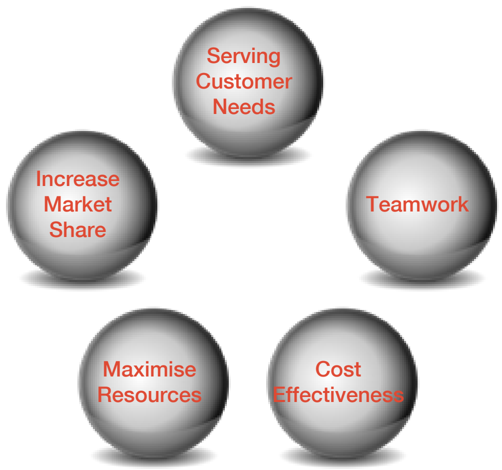
Providing customers with total solution in quality products and services.

Broadening our product range and value-added activities.

Practising good corporate social responsibilities.

Rewarding all stakeholders equitably.

Values & Principles



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Function Room 1, Mezzanine Floor, Setia City Convention Centre No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor on Tuesday, 25 August 2020 at 9.30 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who are retiring in accordance with Article 112 of the Company's Constitution:
   (i) Oh Yung Sim **Resolution 1**
   (ii) Seow Nyoke Yoong **Resolution 2**
   (iii) Mohamad Fazlin Bin Mohamad **Resolution 3**

3. To approve the payment of Directors' fees not exceeding RM500,000 for the period from August 2020 till July 2021. **Resolution 4**

4. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Independent Directors from August 2020 till July 2021. **Resolution 5**

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

SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

6. **Continuation in office as Independent Non-Executive Director** **Resolution 7**

   "THAT approval be and is hereby given to Haji Mohd. Sharif Bin Haji Yusof who has served as an Independent Non-Executive Director of the Company since 17 November 2011 and will reach the nine (9) years term on 16 November 2020 to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

7. **Continuation in office as Independent Non-Executive Director** **Resolution 8**

   "THAT approval be and is hereby given to Seow Nyoke Yoong who has served as an Independent Non-Executive Director of the Company since 17 November 2011 and will reach the nine (9) years term on 16 November 2020 to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

8. **Continuation in office as Independent Non-Executive Director** **Resolution 9**

   "THAT approval be and is hereby given to Mohamad Fazlin Bin Mohamad who has served as an Independent Non-Executive Director of the Company since 17 November 2011 and will reach the nine (9) years term on 16 November 2020 to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

9. **Proposed Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Resolution 10**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
SSM Practising Certificate No. 201908000717
Company Secretary

Klang
27 July 2020

***Notes**:*

1. *A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or being appointed as a proxy for another Member or in the case of a corporation a duly authorised representative to attend and to vote in his stead.*
2. *A Member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the Member specifies the proportion of his securities holdings to be represented by each proxy.*
3. *The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.*
4. *The instrument appointing a proxy shall be left at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.*
5. *Depositors who appear in the Record of Depositors as at 17 August 2020 shall be regarded as Member of the Company entitled to attend the Ninth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

NOTES ON SPECIAL BUSINESS

(i) Resolution No. 7, 8 & 9

Tuan Haji Mohd. Sharif Bin Haji Yusof, Ms Seow Nyoke Yoong and En Mohamad Fazlin Bin Mohamad having served as Independent Directors of the Company since 17 November 2011 will reach the nine (9) years term limit on 16 November 2020. The Board has assessed their independence and recommend that they continue to act as Independent Directors of the Company based on the following justifications:-

a. They fulfill the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");
b. They are able to bring independent and objective judgment to the Board as they do not have any business dealing with the Company;
c. With their years of experience in the Company, they are familiar with the Company's business operations, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings;
d. Their length of service on the Board do not in any way interfere with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision-making of the Board and Board Committees;
e. They have continued to exercise their independence and due care during their tenure as Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and shareholders; and
f. They have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

The proposed Resolutions 7, 8 and 9, if passed, will enable Tuan Haji Mohd. Sharif Bin Haji Yusof, Ms Seow Nyoke Yoong and En Mohamad Fazlin Bin Mohamad to continue to act as Independent Directors of the Company until the conclusion of the next Annual General Meeting of the Company.

(ii) Resolution No.10

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 23 July 2019. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
SSM Practising Certificate No. 201908000717
Company Secretary

Klang
27 July 2020

Corporate Information

BOARD OF DIRECTORS

Haji Mohd. Sharif Bin Haji Yusof
Independent Non-Executive Chairman

Oh Chiew Ho
Senior Group Managing Director

Oh Pooi Foon
Group Managing Director

Oh Yung Sim
Deputy Group Managing Director

Toh Tuan Sun
Non-Independent Non-Executive Director

Seow Nyoke Yoong
Independent Non-Executive Director

Mohamad Fazlin Bin Mohamad
Independent Non-Executive Director

Dato' Wan Hashim Bin Wan Jusoh
Independent Non-Executive Director

AUDIT COMMITTEE

Mohamad Fazlin Bin Mohamad
(Chairman) Independent Non-Executive Director

Haji Mohd. Sharif Bin Haji Yusof
(Member) Independent Non-Executive Director

Seow Nyoke Yoong
(Member) Independent Non-Executive Director

Dato' Wan Hashim Bin Wan Jusoh
(Member) Independent Non-Executive Director

NOMINATION COMMITTEE

Seow Nyoke Yoong
(Chairman) Independent Non-Executive Director

Haji Mohd. Sharif Bin Haji Yusof
(Member) Independent Non-Executive Director

Mohamad Fazlin Bin Mohamad
(Member) Independent Non-Executive Director

REMUNERATION COMMITTEE

Seow Nyoke Yoong
(Chairman) Independent Non-Executive Director

Haji Mohd. Sharif Bin Haji Yusof
(Member) Independent Non-Executive Director

Mohamad Fazlin Bin Mohamad
(Member) Independent Non-Executive Director

COMPANY SECRETARY
Leong Oi Wah (MAICSA 7023802)

HEAD OFFICE
Lot 6488, Jalan Haji Abdul Manan
42100 Klang
Selangor Darul Ehsan, Malaysia
Tel No : 603 - 3377 5597
Fax No : 603 - 3377 5500
Website : www.ays-group.com

REGISTERED OFFICE
802, 8th Floor
Block C, Kelana Square
17, Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : 603 - 7803 1126
Fax No : 603 - 7806 1387

PRINCIPAL BANKERS
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
AmBank (M) Berhad
Bangkok Bank Berhad
Bank of China (Malaysia) Berhad
CIMB Islamic Bank Berhad
Citibank Berhad
DBS Bank Ltd
Hong Leong Bank Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
Maybank Singapore Limited
OCBC Al-Amin Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
United Overseas Bank Limited

AUDITORS
Grant Thornton Malaysia PLT
(Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

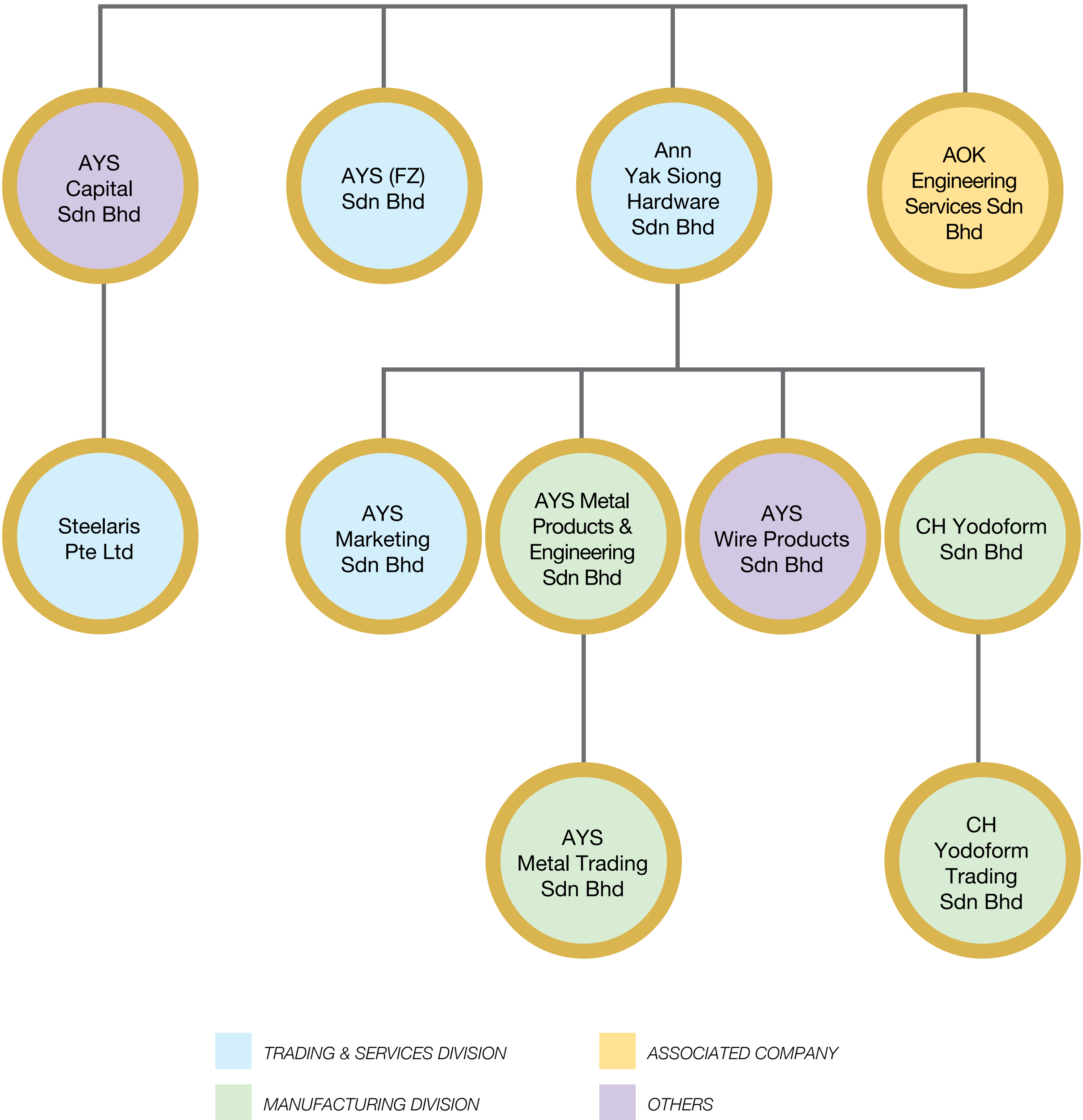
SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd

Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel. No : 603 - 2783 9299
Fax No : 603 - 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Name : AYS
Stock Code : 5021

AYS VENTURES BERHAD



Haji Mohd. Sharif Bin Haji Yusof, aged 81, a Malaysian, was appointed as an Independent Non-Executive Chairman of AYS Ventures Berhad on 17 November 2011. He is a fellow member of the Institute of Chartered Accountants, England & Wales, Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

He started his career with the Selangor State Government Service in 1967 as an Accountant, Jabatan Kerja Raya. He was a Corporate Accountant with the Selangor State Development Corporation (now known as Perbadanan Kemajuan Negeri Selangor) from 1968 to 1972. In 1973, he joined Anglo Oriental Sdn Bhd, a tin mining management company as a Senior Accountant and in 1974 he joined Bumiputra Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) as a Corporate Finance Officer. In 1977, he joined British American Life & General Insurance Co. Bhd (now known as Manulife Insurance (Malaysia) Berhad) as a Vice President, Finance and retired in 1989 as a Senior Vice President, Finance cum Company Secretary. He is currently the Independent Non-Executive Director of Atlan Holdings Berhad and Axis REIT Managers Berhad.

Tuan Haji Mohd. Sharif Bin Haji Yusof has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Oh Chiew Ho, aged 73, a Malaysian, was appointed as the Group Managing Director of AYS Ventures Berhad on 17 November 2011. In line with the succession plan, he was later re-designated to Senior Group Managing Director on 2 June 2020. He is the co-founder of AYS Group and has been the key driving force in steering the corporate direction and growth of the AYS Group besides overseeing the overall operations of Ann Yak Siong Hardware Sdn Bhd ("AYSH") since its inception. In 1964, at the age of 19, he joined Hiap Bee Hardware Sdn Bhd as a general helper in the warehouse/store department until 1978, where he moved over to Choo Bee Hardware (KL) Sdn Bhd and was in charge of storekeeping, sales and procurement. With his hard work and dedication, he mastered the trade and built-up good rapport with key customers and suppliers.

In 1982, Mr Oh Chiew Ho co-founded AYSH, started his business in supplying steel and hardware products. In 1993, due to the high demand for construction materials following the economic boom, he incorporated AYS Marketing Sdn Bhd to venture into trading and marketing of building and construction materials. In 1994, he incorporated AYS Metal Products & Engineering Sdn Bhd to manufacture panels and components for sectional tanks. In 1996, he set up CH Yodoform Sdn Bhd to manufacture purlins, steel frames for doors and window. He later established AYS Wire Products Sdn Bhd in 1997 to venture into the business of manufacturing and trading of wire products and expanded its business in 1998 to include wire drawing, straightening, bending and cutting of wire rods and manufacturing of wire mesh products in 2001. Under the leadership of Mr Oh Chiew Ho, AYSH has grown to be one of the leading traders of steel and construction materials in Malaysia.

Mr Oh Chiew Ho's shareholdings in the Company and its related companies is disclosed on page 109 of this Annual Report. He is the father of Mr Oh Yung Sim, Mr Oh Yung Wooi, Mr Oh Yung Kwan and Ms Oh Pooi Foon. He has no conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Oh Pooi Foon, aged 40, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 December 2012 and was re-designated to Deputy Managing Director on 21 August 2017. On 2 June 2020, she was promoted to Group Managing Director. She graduated from Melbourne University, Australia in 2003 with a Bachelor of Physiotherapy.

Upon graduation in 2003, she worked in a hospital in Melbourne as physiotherapist before joining AYSH in 2005 as a Purchasing Executive. In 2009, she was promoted to the position of Procurement Director and is responsible for formulating and evaluating procurement strategies, developing and implementing procurement policies and procedures, analysing trends and market conditions including sourcing, negotiating and entering into contracts with local and overseas suppliers. In 2012, she was promoted to Operation Director and is responsible for the overall operations of AYSH and provides support to the then Group Managing Director to ensure that the Trading & Services Division achieves its business objective and creates an environment that promotes staff commitment to the achievement of the organisational vision, mission, and strategy. Currently, she continues to provide support to the Senior Group Managing Director and her role is to direct and control the Group's business operations in addition to responsible for giving strategic guidance and direction to the board to ensure that the Company achieves its vision, missions and long term goals.

Ms Oh Pooi Foon's shareholdings in the Company and its related companies is disclosed on page 109 of this Annual Report. She is the daughter of Mr Oh Chiew Ho and sister of Mr Oh Yung Sim, Mr Oh Yung Wooi and Mr Oh Yung Kwan and has no conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Oh Yung Sim, aged 46, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 17 November 2011 and was re-designated to Deputy Managing Director on 21 August 2017. On 2 June 2020, he was re-designated to Deputy Group Managing Director. He graduated from University of Luton, UK in 2000 with a Bachelor of Degree in Commerce, majoring in Business Administration and Marketing.

He joined AYSH in 2000 as an Assistant to Group General Manager. He has been working on improving the productivity and efficiency of the AYS Group's operations especially in the areas of information technology and corporate development and provides support to the then Group Managing Director to ensure that the Manufacturing Division achieves its business objective and creates an environment that promotes staff commitment to the achievement of the organisational vision, mission, and strategy. Currently, he provides support to the Group Managing Director to ensure that the Company achieves its business objectives and creates an environment that promotes staff commitment to the achievement of the vision, missions and strategies.

Mr Oh Yung Sim's shareholdings in the Company and its related companies is disclosed on page 109 of this Annual Report. He is the son of Mr Oh Chiew Ho and brother of Mr Oh Yung Wooi, Mr Oh Yung Kwan and Ms Oh Pooi Foon. He has no conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Toh Tuan Sun, aged 69, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 April 2016 and re-designated as Non-Independent Non-Executive Director on 17 May 2016. Mr Toh Tuan Sun has been involved in the steel industry business for the past forty two years where he started off with Malayawata Steel Berhad in 1973. Thereafter, he moved on to Bright Steel Sdn Bhd in 1976 as Sales Manager and subsequently in 1979 was promoted to General Manager with direct involvement in the production expansion programmes and the business strategies of the company.

In 1986, he joined Ann Joo Group of Companies to spearhead its business expansion into manufacturing activities. He was the Head of one of the Strategic Business Units and was involved in manufacturing activities. He was appointed a Director on 11 September 1996 and served as an Option Committee Member. In 2000, Mr Toh Tuan Sun was transferred to Malayawata Steel Berhad as President and Chief Executive Officer and served as a member of the Audit Committee. In 2003, he joined one of the pioneer steel bar producers of Malaysia, Amsteel Mills Sdn Bhd and assumed the post of Managing Director until he retired in early 2007. Thereafter, he joined Perfect Wiremakers Sdn Bhd as the Managing Director and retired in June 2015. In December 2016, he resigned as a Director of Perfect Wiremakers Sdn Bhd and in February 2019, he resigned as its Advisor.

Mr Toh Tuan Sun's shareholdings in the Company and its related companies is disclosed on page 109 of this Annual Report. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Seow Nyoke Yoong, aged 58, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 17 November 2011. She graduated with a Bachelor of Commerce degree from University of New South Wales, Australia in 1984 and went on to complete a Bachelor of Law degree from University of Melbourne, Australia in 1985. She is currently an Independent Non-Executive Director of Lee Swee Kiat Group Berhad.

Ms Seow Nyoke Yoong has no shareholdings in the Company and its related companies. She has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mohamad Fazlin Bin Mohamad, aged 48, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 17 November 2011. He graduated from the University of Huddersfield in 1995 with a LLB (Hons) Degree.

He started his career with KPMG as a Consulting Assistant in 1996 and remained with KPMG until 2004 where he left as a Managing Consultant. He joined Pharmaniaga Berhad in 2004 as Manager, Business Development and was later promoted to Senior Manager Business Development and Corporate Strategy. He has also held positions in the Indonesian Operations and Middle East Operations of Pharmaniaga Berhad. In 2012, he resigned as the Senior Manager and Head of Vendor Development in Pharmaniaga Berhad to venture on his own business as a Director in Magnus Force Sdn Bhd, Agensi Pekerjaan Intercity Sdn Bhd and My Magnus Sdn Bhd.

En Mohamad Fazlin Bin Mohamad has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Wan Hashim Bin Wan Jusoh, aged 62, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 1 December 2017. He graduated from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) with Bachelor Degree of Science (Hons) in Resource Economy in 1981. He is currently an Independent Non-Executive Director of Integrated Logistics Bhd and UWC Berhad.

He joined MIDA in year 1981 as Assistant Director. Throughout most of his 36 years career with MIDA, he was responsible for the promotion and coordination of foreign and domestic investments and was also assigned to MIDA Los Angeles, Boston and New York. He was promoted to Executive Director in 2011 taking the leadership for five industry divisions namely the Electronic, ICT and Electrical, Transport Technology, Machinery and Equipment, and Textile and Non-Metallic Mineral. He became the Deputy CEO III of MIDA in July 2014 taking charge of the Strategic Planning and Investment Eco-System Development roles of MIDA.

Dato' Wan Hashim Wan Jusoh has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year since his appointment to the Board and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile Of Key Senior Management

Oh Yung Wooi, a Malaysian aged 45, is the Executive Director of AYSH. After he completed his secondary school, he joined AYSH in 1999 as Sales Executive. He has gained vast exposure in the various operations portfolios including credit control, sales and marketing, logistic as well as stock management. Having more than 10 years' hands-on experience and exposure in all aspects of the steel business, in 2009, he was promoted to Materials Director and was responsible for the materials control, total warehousing and logistics functions of AYSH. In June 2020, he was redesignated to Executive Director and assists Oh Yung Kwan in managing the overall distribution channel in AYSH.

Oh Yung Kwan, a Malaysian, aged 42, is the Executive Director of AYSH. He graduated from University of Phoenix, USA in 1998 with a Diploma in Marketing. In 2003, he graduated from RMIT University of Melbourne, Australia with a Bachelor Degree in Business Administration. He joined AYSH in 2003 as Sales Executive and was responsible for formulating marketing strategies and plans, coordinating activities of sales and marketing for the Company. In 2012, he was promoted to the position of Executive Director, assisting Group General Manager for planning, organising and overseeing operations of subsidiary companies of AYS Group as well as overseeing Group Human Resources/Administration Department and Payroll. In 2014, he was appointed as an Executive Director of AYS Ventures Berhad and resigned in 2016 being other commitments. Currently, he is responsible for the overall operations, design and implement business strategies, plans and procedures of AYSH and AYS (FZ) Sdn Bhd.

Woon Yang Leng, a Malaysian, aged 61, is the Group Technical and Marketing Director of AYSH. He graduated with a Master of Engineering specialised in Steel Structures and Project Management from Asian Institute of Technology, Bangkok in 1987. Mr Woon has more than 4 years of extensive practical experience in steel construction while he worked as a site Engineer on construction of facilities for company such as AT&T, President Lines and Super store warehousing in Taiwan. Mr Woon also has completed a high-rise building using structural steel. His specialise knowledge in the field of steel construction has brought him into British Steel in 1991 and responsible for promoting British Steel products in construction market in Taiwan. Having successful developed the market sector of steel construction for British Steel in Taiwan, Mr Woon was transferred to Malaysia in 1994 to kick start the British Steel office in Malaysia. Mr Woon went through the transformation of the company from British Steel to Corus and later to Tata Steel. He was heading the Malaysia office until 2008. Mr Woon started Steelco Malaysia in April 2008 and carry on his career in the steel industry. He made use of his extensive steel knowledge helping to bridge the local steel related industries with the more competitive regional suppliers especially the specialized steel producers from China. In 2012, Mr Woon resigned from Steelco Malaysia and joined AYSH as Senior General Manager-Marketing before promoted to the current position.

Ir. Tong Seng Won, a Malaysian aged 57, is the Group Engineering & Manufacturing Director of CH Yodoform Sdn Bhd ("CHY"). He graduated with a Bachelor of Engineering in Mechanical and Master of Engineering in Manufacturing from University Malaya in 1994. He is a Professional Engineer in Mechanical registered with the Board of Engineers Malaysia and Grade 2 Steam Engineer registered with the Department of Occupational Safety and Health Malaysia. He started his career with Anshin Steel Industries Sdn Bhd in 1988 as a mechanical Engineer and in 1994 he joined Hitachi Plant Construction as an Assistant Project Manager in charging of the project for the construction of beam and section mill in Gurun. In 1995, he joined Petropipe Sdn Bhd as Deputy General Manager and subsequently he worked as a consultant for setting up a few rolling mills and steel plants in Iran from 2003 to 2010. In 2011, he joined an aluminum smelting plant in Sarawak and in 2013, he joined Perwaja Steel Industries Sdn Bhd as a Chief Operating Officer. In 2016, he resigned from Perwaja Steel Industries Sdn Bhd. With his 25 years of working experience in the steel industry involving upstream and downstream processes, he then joined AYSH as Group Engineering & Manufacturing Director and is responsible for improvement, expansion and development of manufacturing and engineering facilities of the Group. In August 2016, he was transferred to CHY and is currently responsible for the overall operations of CHY.

Ang Tee Seng, a Malaysian aged 43, is the Managing Director of Steelaris Pte. Ltd. ("SPL"). He holds a Bachelor Of Manufacturing Engineering (Hons) degree from the University of New South Wales Australia and Executive MBA from the National University of Singapore. Together with his co-founders, he is responsible for the overall growth of the company based in Singapore. His career includes working for companies such as Hewlett-Packard, IBM and Philips in various areas including purchasing, operations, outsourcing and management. He has more than 13 years of experience in the steel industry and worked with a diverse group of global partners. Prior to starting SPL, he joined a prominent Singapore steel stockist and has extensive cross functional experience in warehousing, distribution, sales, purchasing, team management and supply chain optimisation.

Tay Yew Thiam, a Malaysian aged 54, is the Group Financial Controller of AYSH. She graduated with a Bachelor's degree with Honours in Accounting from University Utara Malaysia in 1991. She is a Chartered Accountant member of the Malaysian Institute of Accountants, a Certified Financial Planner registered with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia. She started her career with a financial institution in 1991 as an Audit Executive and subsequently in 1992, she joined a water treatment chemicals company as an Assistant Accountant. In 1993, she joined Anshin Group as a Finance & Accounts Executive until 1997 she was transferred to serve the holding company in the Ann Joo Group. In 2007, she resigned as the Head-Financial Accounting Unit of Ann Joo Resources Berhad to venture on her own in the field of management services prior to joining AYS Group. With her more than 25 years of working experience in the area of financial and corporate services, she joined Ann Yak Siong Hardware Sdn Bhd in 2012 as a Senior General Manager - Corporate Affairs and is responsible for corporate financial reporting and compliance, investor relations, corporate development activities as well as participating in strategic planning and new business initiatives of AYS Group. In 2017, she was promoted to the current position and is responsible for planning, implementing and managing all financial-related activities of AYS Group.

Conflict of interest
None of the Key Senior Management has any conflict of interest with the Group.

Conviction for offences
None of the Key Senior Management have been convicted for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

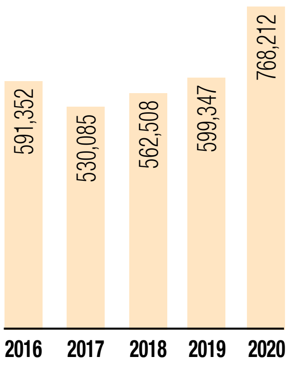
Directorship
None of the Key Senior Management has any other directorship in any other listed issuers.

Family relationship
None of the Key Senior Management has family relationship with other Directors or major shareholders of AYS Ventures Berhad except for Mr Oh Yung Wooi and Mr Oh Yung Kwan who are the sons of Mr Oh Chiew Ho and brothers of Mr Oh Yung Sim and Ms Oh Pooi Foon.

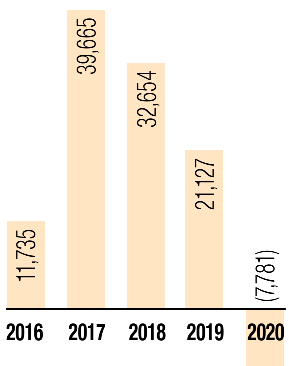
Group Financial Highlights

Financial Year Ended 31st March (RM'000)	2016	2017	2018	2019	2020
Revenue	591,352	530,085	562,508	599,347	**768,212**
Profit Before Interest Expense, Interest Income and Tax	22,148	46,231	40,954	32,500	**8,447**
Interest Expense	11,770	8,047	9,103	12,472	**17,148**
Profit/(Loss) Before Tax	11,735	39,665	32,654	21,127	**(7,781)**
Profit/(Loss) After Tax	8,283	27,732	23,530	15,746	**(9,123)**
Profit/(Loss) Attributable To Owners Of The Company	8,269	27,835	23,503	15,743	**(10,524)**
Total Equity Attributable To Owners Of The Company	215,008	237,137	261,608	273,547	**258,524**
Total Assets	438,160	428,282	542,623	655,375	**762,940**
Total Borrowings	192,156	145,700	219,637	312,815	**355,378**
Debt/Equity (times)	0.89	0.61	0.84	1.14	**1.37**
Earnings/(Loss) Per Share (sen)	2.17	7.32	6.18	4.14	**(2.77)**
Net Assets Per Share (RM)	0.57	0.62	0.69	0.72	**0.68**
Dividend Per Share (sen)	1.00	2.50	2.50	1.00	**-**

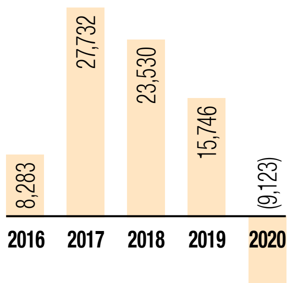
Revenue (RM'000)



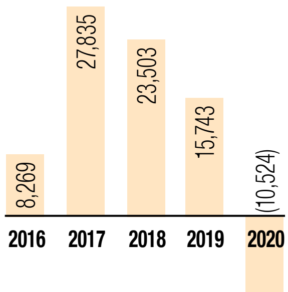
Profit/(Loss) Before Tax (RM'000)



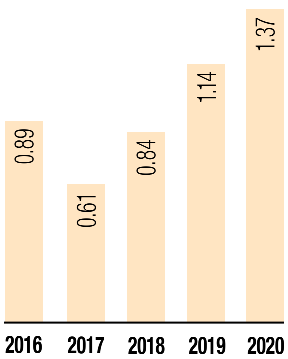
Profit/(Loss) After Tax (RM'000)



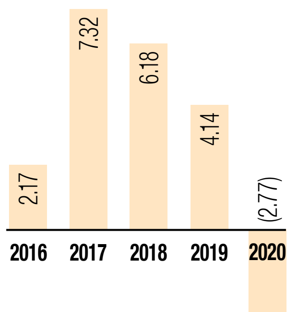
Profit/(Loss) Attributable to Owners of The Company (RM'000)



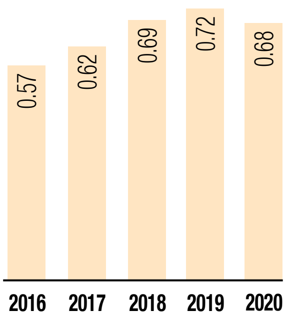
Debt/Equity (times)



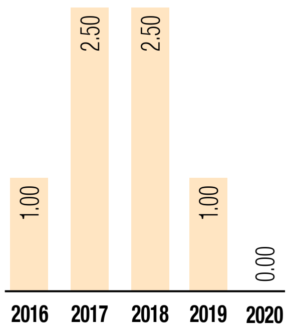
Earnings/(Loss) Per Share (sen)



Net Assets Per Share (RM)



Dividend Per Share (sen)



OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Listed on the Main Market of Bursa Malaysia, AYS Ventures Berhad and its group of companies ("AYS" or "The Group") identifies itself as one of the market leaders in the distribution business of steel related products and building materials. The core businesses in AYS are diversified into three (3) divisions, namely Trading & Services, Manufacturing and Other Services, with a strong customer base worldwide, in dominant economic sectors such as construction, engineering and steel fabrication, oil & gas, power plant and shipbuilding. The Group's operations as a whole provides total solutions for our customers, acting as a one stop centre for all steel and building materials related products and services.

The major activities in the Group's Trading & Services division involves the distribution of a diverse range of steel products and construction materials. AYS is proud to be reckoned as one of the major suppliers for structural steel sections which are the main components for the construction of warehouses, high rise buildings, steel bridges, light and mass rail transport stations, manufacturing plants and processes facilities, infrastructure facilities such as air and sea terminals and its handling equipment. Over the years, AYS has developed very strong supplier networks internationally that provides reliable source of quality materials to suit the various demands of customers for different quality requirements. As at 23 July 2019, the Group expands its portfolio in the Trading & Services division with the completion of a 51% stake acquisition of a private limited company incorporated in Singapore, Steelaris Pte Ltd ("Steelaris").

The Group's Manufacturing division focuses on the making of two distinct product types:-

1. Steel purlins and structural steel components used in the steel construction industry; and

2. Pressed Steel and Fibre Reinforced Polyester ("FRP") Sectional water tanks for portable and modular clean water storage in buildings and factories.

The manufacturing division is equipped with modern facilities with some latest technologies in automation machining, paving way towards Industrial 4.0.

Apart from trading and manufacturing, the Group provides warehousing and storage services in Port Klang Free Zone ("PKFZ"), steel sourcing and project management services, Building Information Management ("BIM") services and structural steel fabrication services, all in our state-of-the-art facilities.

FINANCIAL PERFORMANCE

For the financial year ended 31st March 2020 ("FYE2020"), AYS has reported record breaking revenue of RM768.212 million, a 28.2% increase as compared to RM599.347 million in the financial year ended 31st March 2019 ("FYE2019").

The increased revenue was mainly derived from the Trading and Services Division, contributed by increased sales volume despite lower selling prices of steel products beside incorporation of revenue through the newly acquired subsidiary, Steelaris. The revenue of the Trading and Services Division has increased by RM203.515 million to RM738.743 million in the FYE2020, a 38% increase from that of RM535.228 million in the FYE2019, in which Steelaris has contributed RM181.473 million of the Group revenue. However, the Manufacturing Division saw a decrease in revenue from RM64.119 million in the FYE2019 to RM29.469 million in the FYE2020. The decrease was mainly due to the cessation of wire products business operation and lower sales volume in the manufactured products.

The Group has suffered its first annual loss since its listing in 2012. The recorded loss before tax for FYE2020 is at RM7.781 million as compared to FYE2019's profit before tax of RM21.127 million, despite higher revenue recorded.

The Group began to suffer losses from the second quarter of the financial year. The losses were contributed by many factors, which include increased expenses, impairment losses, and mainly lowered selling prices and pressured margins due to foreign exchange and global steel prices which the effect was prolonged until the fourth quarter.

The lower other income in the financial year under review was mainly due to the lower impairment for doubtful debts no longer required despite higher unrealised gain on foreign exchange on derivative financial instruments.

Selling and distribution expenses increased by 30.7% or RM2.832 million to RM12.051 million in the FYE2020 from RM9.219 million in the FYE2019. The increase was mainly due to higher transportation cost reflecting higher sales volume in FYE2020 and the incorporation of expenses from the new subsidiary.

Administration expenses increased by 22.7% or RM5.861 million to RM31.704 million in the FYE2020 from RM25.843 million in the FYE2019. This was mainly due to the incorporation of expenses from the new subsidiary including but not limited to staff related costs, trade credit insurance premium and management fees paid for the sales administration and accounting services.

Other expenses increased by 93.1% or RM6.042 million to RM12.529 million in the FYE2020 from RM6.487 million in the FYE2019. The increment was mainly contributed by the new subsidiary, incorporated its other expenses largely consisted of warehouse and store related expenses, depreciation of right of use and realised/unrealised loss on foreign exchange. In addition, the higher other expenses were attributable to recognition of loss on fair value adjustments on investment properties and impairment loss on trade receivables.

Total finance cost increased by 33.6% or RM4.195 million to RM16.667 million in the FYE2020 from RM12.472 million in the FYE2019 mainly attributable to increase in borrowings primarily to finance the working capital requirements of the new subsidiary.

The associated company's share of losses in the current financial year under review exceeded its share of net assets, hence the Group discontinued in recognising further share of loss.

The tax expense decreased by 75% or RM4.039 million to RM1.342 million in the FYE2020 from RM5.381 million in the FYE2019. The effective tax rate was lower than the statutory tax rate mainly due to companies making losses, certain incomes which are not taxable but the effect has been partially offset by certain expenses which are not deductible for tax purposes, non-available group tax relief and provision of deferred taxation.

The Group's property plant and equipment decreased from RM106.410 million as at the end of the FYE2019 to RM101.503 million as at 31 March 2020. This was mainly due to the depreciation charged during the financial year under review of RM4.182 million offset by the additional purchase of property, plant and equipment with aggregate costs of RM0.611 million.

The Group has applied Malaysian Financial Reporting Standards 16 ("MFRS 16"), Leases prospectively with the date of initial application of 1 April 2019. MFRS 16, Leases introduce a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. The value of right of use assets recognised as at 31 March 2020 was RM14.375 million.

Goodwill was accounted subsequent to the acquisition of the new subsidiary during the FYE2020.

The Group's investment properties decreased by RM4.073 million to RM30.368 million as at 31 March 2020 as compared to RM26.295 million as at the end of FYE2019. The increase was mainly due to capitalisation of 9 units of contra hotel suites for debts due from trade receivable. In addition, the Group has revalued its investment properties in the FYE2020 resultant loss on fair value adjustments on investment properties.

The Group's inventories turnover days increased to 174 days as at 31 March 2020 as compared to 227 days as at the end of previous year. The inventories has increased to RM336.300 million as at 31 March 2020 from RM328.791 million as at end of the FYE2019 due to the incorporation of inventories of the new subsidiary.

The Group's trade receivables were higher at RM219.162 million or turnover of 104 days as at 31 March 2020 as compared to RM164.634 million or turnover of 100 days as at the end of FYE2019.

As at 31 March 2020, the Group's current and quick ratios at 1.30 and 0.59 compared to 1.39 and 0.52 respectively as at end of the FYE2019. The cash and cash equivalents at end of the current financial year amounted to RM32.307 million, an increase of RM14.285 million from FYE2019. The Group's borrowings increased by RM43.778 million to RM355.378 million with gross gearing and net gearing ratio of 1.37 times and 1.24 times respectively as compared to RM311.600 million with gross gearing and net gearing ratio of 1.14 times and 1.07 times respectively as at end of the FYE2019. The increased in the borrowings resulted from the working capital requirements of the new subsidiary. Nonetheless, the Group will continue to proactively manage the working capital and debts level to ensure sufficient liquidity in the financial needs at all times.

The trade payables increased to RM118.000 million or turnover of 61 days as compared to RM54.295 million or turnover of 38 days as at the end of FYE2019 mainly due to higher purchase of steel products with open credits of up to 6 months.

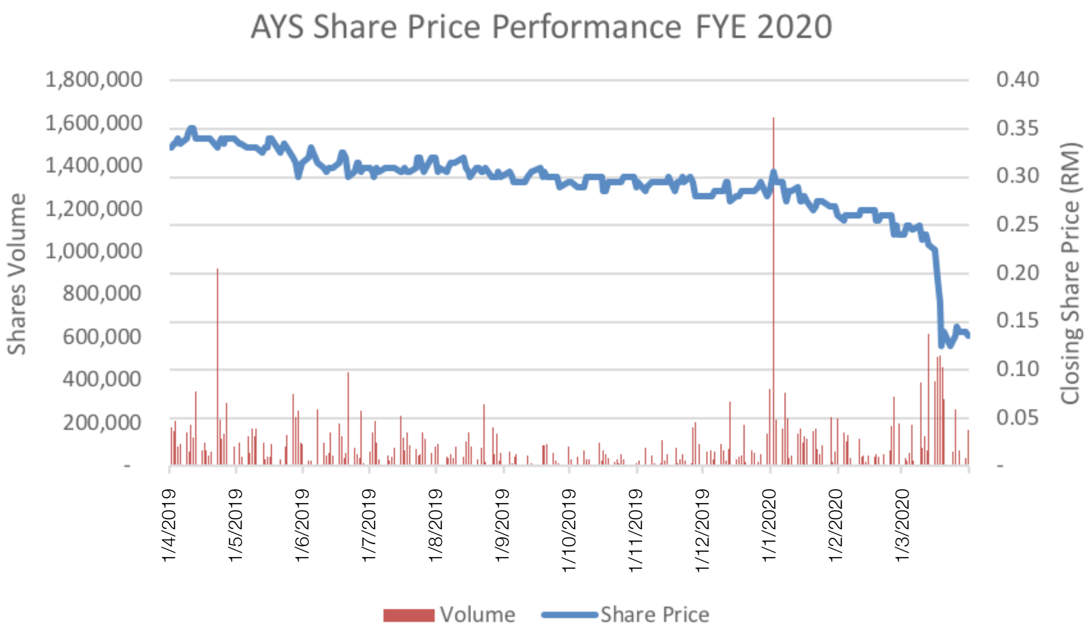
Total equity decreased to RM254.336 million as at 31 March 2020 from RM273.942 million as at the end of FYE2019 resulting from losses attributable to the owners of the Company and incorporation of deficit of the non-controlling interests of the new subsidiary during the FYE2020 and final dividend paid to shareholders in respect of the FYE 2019.

DIVIDEND

The Group's ability to pay dividend is subject to the financial performance and the operational requirements. Having taken into account the performance of the current financial year, the Board has elected to maintain adequate funds to meet the operation requirement and to build a healthy capital base for future profitability. Henceforth, the Board of Directors does not recommend any dividend in respect of the FYE2020.

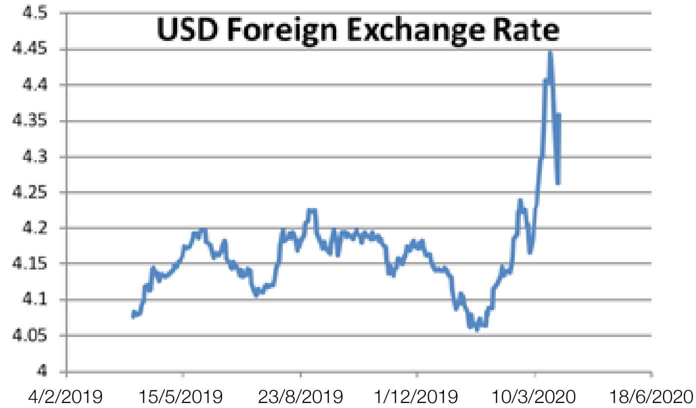
SHARE PRICE PERFORMANCE

	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Market Capitalisation (RM'million)	108.419	146.461	144.559	125.538	51.356
Trading Volume ('million)	7.314	215.652	577.773	43.116	27.503
Closing Price (RM)	0.285	0.385	0.380	0.330	0.135
Highest Closing Price (RM)	0.310	0.445	0.655	0.435	0.350
Lowest Closing Price (RM)	0.215	0.240	0.375	0.320	0.115
Dividend per Share (RM)	0.010	0.025	0.025	0.010	0.000
Basic Earnings/(Loss) per Share (RM)	0.022	0.073	0.062	0.041	(0.028)



REVIEW OF OPERATING ACTIVITIES

Due to the nature of our businesses which involves trading and manufacturing of steel products with a heavy reliance on stock holdings, the performances of our businesses are significantly affected by the economic cycles and development demographics in the countries we operate in. In 2019, an increase of 29.6% was seen in export of iron and steel products, mainly steel structures, bars and rods. However, the main factors that affect the business margins are the global and domestic fluctuation of steel products pricing and foreign currency exchange rates.



The initial macroeconomic outlook for FYE2020 was deemed positive. Due to the many unprecedented events, the currency fluctuation in financial year was heavily volatile and was an upward trend towards the end of the financial year. The difference between the low and high point of US Dollars to Ringgit Malaysia in the financial year was as high as 9.5%. A high and volatile currency exchange rate indicates a higher cost of import and an inconsistent purchasing price which affects our business margins.

The steel industry has an unbreakable link between infrastructure and heavy industries; cyclical and reflective of overall market conditions. As we enter the new decade, the challenges faced by the steel industry are still persistent. The escalating US-China trade tensions continue to impact the market while the broad macroeconomic weakness has drove down demands in many sectors. The oversupply condition of the regional steel mills continues to weighs in on the uncertainty of price stability.

In the Asia Pacific Region, majority of steel consumption is in the construction industry. Domestically, major infrastructure projects such as the High-Speed Rail and Klang Valley Mass Rapid Transit (KVMRT) Line 3 remains postponed as part of the Government's fiscal consolidation. Although the general construction activities have slowed down in the financial year, private investments remained positive. After the Prime Minister of Malaysia's resignation in February 2020, the political turmoil causes more signs of uncertainty.

The nation was struck by the Movement Control Order ("MCO") as contributed by the COVID-19 pandemic and most economic activities were shut down since 18 March 2020. Fortunately, AYS has always emphasised on the need of a strong digital infrastructure, therefore we were able to cope with the sudden announcement of the MCO and moved our work to home in the shortest time possible. The Group will continue to work to further enhance on the digital infrastructures. We were also able to continue full operations in our PKFZ warehouse as it is listed under essential services. With that, we were able to continue some exporting activities during MCO.

In the financial year under review, the Group remain committed to its strategic intents with the vision to excel as a regional strategic steel distribution hub catering to the needs of the engineering, fabrication and construction industry. While we restructure and streamline our business models to cater towards our strategic intents, we also looked into a comprehensive review of assets and non-core businesses.

Steelaris is a private limited company incorporated in Singapore providing steel sourcing and project management services to the construction, offshore and marine industry in the South East Asian region. The acquisition of Steelaris will strengthen AYS's position as a steel distributor and service provider, reinforcing AYS's footprint in the Asia Pacific region. Singapore is an important distribution point in the supply chain. With the proximity advantage and operational synergies, the acquisition will enable AYS to secure upcoming projects in Singapore and expand its customer base.

In the recent years, the wire business has experienced margin pressures due to the fluctuation of steel commodity and the heavy competition in the industry. The Group's wire producing business saw a decline in its financial performance and its high operational costs implies difficulty in long term business sustainability. Considering the strategic intents of the Group, AYS has decided to cease its wire producing business unit, AYS Wire Products Sdn Bhd ("AYSW") and look into the reallocation of resources into other core business units.

The Group continued to look into realignment of its production facilities to transform the manufacturing division to align with the Group's business strategy to serve as a one stop steel solutions provider by promoting Building Information Modelling ("BIM") application in the steel construction industry and offering a bundle of value added services together to expedite market adoption. The Group expects to receive positive growth in the demand for these services when the domestic construction industry recovers.

The Group's operations are supported by eight (8) warehouses and three (3) factories over three (3) countries, spanning over 20 acres of land. As of 31st March 2020, AYS is the home to 308 employees, producing quality at the highest level of efficiency.

ANTICIPATED OR KNOWN RISKS

Our businesses mainly involve steel, which is a highly volatile commodity. The distribution, import and exports of steel are affected by many macroeconomic factors. The uncertainties in global economic and geopolitical factors are very susceptive towards our business. In unprecedented times it is crucial to take extra cautious in managing risks.

Successful risk management is a source of competitive advantage. By understanding and managing risks, we provide a greater certainty and confidence to all of our stakeholders.

The table below details the key risks faced by the Group and how we manage them.

Key Risks	Description	Mitigation Measures
Commodity Volatility	The cyclical nature of the steel industry causes a high volatility in steel commodity prices. Steel price is affected by many factors which consist of cost of iron ore and crude oil, energy costs and even natural disasters.	Structural steel which is AYS's core products are less exposed to the pricing fluctuation. Through inventory management and procurement strategies, we are able to minimise the impact of global price fluctuation.
Foreign Exchange Risks	Fluctuation of foreign exchange rates affects the cost competitiveness, profitability and valuation of the Group's operations.	AYS places responsive action plan to closely monitor the movement of foreign currency exchange rates to minimise the potential adverse effects.
Credit Risks	Risk of a financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations.	The Group credit control team and sales team work very closely to evaluate every business dealing to ensure credit risk is within control. Together with regular management review on credit exposure, AYS's credit risk is well managed and exposure is within control.
Cyber Security	With the extra emphasis on digital transformation and remote working facilities, we expose ourselves risk of IT security breach or cyberattacks on our systems, network and technologies. This may cause leakage of confidential or personal data or potentially disrupt our operations.	AYS has developed a strong internal IT team and invested in IT security tools such as firewall and antivirus software. The Group periodically performs penetration tests on key applications to identify potential security issues. The internal IT system is able to detect intrusion and security breaches.
People and Culture	Steel industry is business that is dependable on people. A poor working environment and culture will affect the recruitment of people with required skills, knowledge and expertise to execute the Group's strategies.	AYS has developed a comprehensive human resources plan that focuses on cultivating a strong and healthy work environment, and recruiting professionals that aligns with the Group's strategic plans and culture, while focusing on training and development to enhance employee skills and knowledge.

BUSINESS OUTLOOK & PROSPECT

The outlook and prospects for the forthcoming financial year ("FYE2021") is expected to be challenging for many industries and sectors both domestically and globally. The assault from the COVID-19 pandemic has forced almost all economies into a standstill as the world braces for a global recession.

According to Bank Negara Malaysia, Malaysia's economy has moderated sharply to 0.7% in the first quarter of 2020, a 2.0% contraction quarter to quarter. The GDP growth estimates have been revised to a low of 0.5% from the original estimates between 4.3% - 4.8% with possible negative growth not exceeding -2.0%. The Malaysia Manufacturing PMI and Construction Output have both slumped to 31.3 and -6.3% respectively in April 2020, both at record paces. Singapore's economy is also facing its worst contraction since independence, with an estimation of GDP shrinkage ranging from 4% to 7%.

Apart from the impact of the COVID-19 pandemic, the steel industry has been clouded by the US-China trade war, oversupply and low demand over the past year. The MCO in Malaysia together with the Circuit Breaker in Singapore has disrupted the global supply chain, impacted both external and domestic demands. However, economic activities are gradually being resumed as we enter the Conditional MCO and Recovery MCO phases. Businesses are expected to pick up in the second half of 2020.

Growth of steel demand in emerging economies is expected to slow down. However, with a growing and changing urban population growth, steel demand in Asia Pacific is expected to rebound due to infrastructure investments that will drive the construction industry. The newly formed Malaysian Government has announced to resume talks of major infrastructure projects such as High Speed Rail later this year. The Singaporean Government also announced support measures to sustain the economy and continue with on-going projects. The current high profile projects in Singapore include Changi Terminal 5, Tuas Mega Port, Greater Southern Waterfront redevelopment and Integrated Waste Management Facility. All through to 2031, Singapore will set aside nearly S$100 billion to build roads, rails and active mobility projects. The new Mass Rapid Transit stations and new lines will consume significant amount of structural steel over the next decade. AYS will reposition itself to ensure readiness in capturing new opportunities.

Leveraging on the Group's expertise, reputation and professional experience in the industry, AYS will be able to improve on its capabilities and efficiency. Considering the mitigation and business strategies put in place, the Group should expect a recovery within a shorter period. However, considering the fluidity of the unfolding and unprecedented situations, the Group remains conservative on its outlook for the next financial year. AYS will adopt an agile attitude and implement cost control measures across all operating entities.

SUSTAINING THE FUTURE

The Group's strategy intent remains to excel as the regional steel distribution hub. However, the current business landscape may shift to adapt to the COVID-19 pandemic, with government and the World Health Organization's strong emphasis on "the new normal". It is crucial that as a company we prepare ourselves for the upcoming changes. The Group will look into a review of corporate planning and formulate new business strategies to strengthen on our regional position while focusing on value added services to expand on its market segments.

The COVID-19 pandemic acted as a catalyst that propelled the digital transformation in many different industries. Digital platforms and e-commerce is evidently growing as stay at home orders are implemented worldwide. Several global steel distributors have embraced the digital transformation and some even established B2B e-commerce platforms to cater towards their domestic business environment. AYS has acknowledged the importance of digital transformation and its correlation with business sustainability in today's landscape.

The Group has taken the initiative to look into the enhancement of our digital infrastructure that will enable a more efficient and accessible operation and will study on the feasibility of e-commerce platform in our industry domestically. We will continue to monitor the change in our business environments to be able to act to cater to any changes. The key enabler to digitalisation is an engaging, innovative, productive and continuous learning working culture which we strive to cultivate.

AYS acknowledges the Malaysian government's domestic development initiatives through the Shared Prosperity Vision 2030 ("SPV 2030") that was recently made public. With the Group's continuous effort to adopt Industrial 4.0 and digitalisation, we align with the SPV 2030 to become a high-income nation that attracts new investments with the latest developments in science and technology, to create greater future growth opportunities.

Lastly, AYS will continue to improve on its sustainability efforts in the economic, environment, and social aspect. The full details of the sustainability performance are provided in the Sustainability Statement of the Annual Report.

The Board of Directors ("the Board") of AYS VENTURES BERHAD ("the Company") recognises that the exercise of good corporate governance in conducting the affairs of the Company and its subsidiaries ("the Group") is the key component for the Group's continuing progress and success as these would not only safeguard and enhance shareholders' value but also provide some assurance that the interests of the other stakeholders are preserved. The Group will continue to endeavour to comply with all the key Principles and Practices of the Malaysian Code on Corporate Governance ("the Code") in its effort to observe high standards of transparency, accountability and integrity.

During the financial year ended 31 March 2020 ("financial year 2020"), the Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code.

The Code does provide that if the Board finds that it is unable to implement any of the Code's practices, the Board should apply a suitable alternative practice to meet the Intended Outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the Code are available in the in the Corporate Governance (CG) Report that is available in the Company's website www.ays-group.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with the relevant rules and regulations, directives and guidelines in addition to adopting the Practices in the Code and act in the best interest of the Group and shareholders. The Board has adopted a Board Charter that clearly identifies the respective roles and responsibilities of the board, board committees, individual directors and management; and issues and decisions reserved for the Board. The Board Charter is available on the Company's website.

The Board's most important functions are as follows:

- ensuring that the Group's goals are clearly established, and strategies are in place to achieve them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build business through innovation, initiative, technology and the development of its business capital;
- monitoring the performance of Management;
- appointing the Group Managing Director ("GMD") and setting the terms of his employment contract;
- deciding on steps which are deemed necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behavior; and
- ensuring that the Company has appropriate risk management or regulatory compliances policies in place.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to Management's responsibilities, which the Executive Directors are aware and are responsible for meeting. The decision making of the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group is reserved to the Board and formally set out in the Board Charter.

The principal risk of all aspects of the business that the Group is engaged in is recognised by the Board. As business decisions require the incurrence of risk, the Board has in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group. This is to achieve a proper balance between risks incurred and potential returns to shareholders.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

The Board is headed by an Independent Non-Executive Chairman with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The roles of the Chairman of the Board and Group Managing Director are segregated. The Chairman is primarily responsible for the proper conduct and working of the Board whilst the Group Managing Director is responsible for the day-to-day running of the business and implementation of Board policies and decisions. The positions of the Chairman and the Group Managing Director are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and Group Managing Director. The details of these responsibilities are set out in the Board Charter.

As certain Board functions are delegated to Management, the Board ensures Management is of the highest caliber and has in place programmes to train and develop Management and also provide for the orderly succession of Management.

The Board recognises the importance to devote sufficient time and efforts to carry out their duties and responsibilities and has committed to this requirement at the time of their appointment. A Director of the Company is at liberty to accept other Board appointments so long as the appointment is not in conflict with the business of the Company and does not affect his performance as a Director. None of the Directors of the Company hold more than five (5) directorships in public listed companies.

The Board is supported by an External Company Secretary who is a Fellow Member of the Malaysian Institute of Chartered Secretaries & Administrators and has more than 35 years of experience in the corporate secretarial field. The Company Secretary provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation. All Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary, at the expense of the Company. The Company Secretary also serves in that capacity in the various Board Committees. The Company Secretary also serves notice to Directors and Principal Officers of the Company on the closed periods for trading in the Company's share accordance to Chapter 14 on Dealings in Listed Securities of the Listing Requirements.

Board Composition and Balance

During the financial year 2020, the Board comprised of four (4) Independent Non-Executive Directors and four (4) Executive Directors and a Non-Independent Non-Executive Director. The Board's composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least one-third of the Board to comprise of independent directors. Practice 4.1 of the Code requires at least half of the Board to comprise of independent directors. With the recent resignation of an Executive Director in April 2020, the Independent Directors now form 50% of the Board.

The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activities. The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as entrepreneurship, manufacturing, marketing, business development, finance, accounting and legal.

The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group. The tenure of the Independent Non-Executive Directors of the Company in the financial year 2020 are still below the nine (9) years limit. The Board in the financial year 2020 adopted the Practice 4.2 and will seek Shareholders' approval for retention of long serving director.

Whilst the Executive Directors handles the day-to-day operations and implements the decisions of the Board, the Non-Independent Non-Executive Director of the Company provides guidance on strategy and continuity, using his expertise to add value to the long-term planning oversight of Key Risk Areas.

The Company does not have a policy on diversity of gender, ethnicity and age. The appointment of Ms Seow Nyoke Yoong and Ms Oh Pooi Foon as Directors reflects that the Board recognises the value of a lady member on the Board. During the financial year 2020, women directors form 22% of the Board members. The age of the Directors range from 40 to 81 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The Board has also appointed the Independent Non-Executive Chairman, Haji Mohd. Sharif Bin Haji Yusof, as the Senior Independent Director to whom concerns may be conveyed.

During the financial year 2020, the Board through its Nomination Committee conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The Nomination Committee is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

Supply of Information

An agenda together with the relevant papers covering quantitative and qualitative information are distributed to all Directors within a week of the scheduled meetings. The Board members are provided with comprehensive explanation of pertinent issues and recommendations by the Management and issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. The Board members are also updated on the Group's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis whether as a full Board or in their individual capacity in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

Board Meetings

There were four (4) Board of Directors' Meetings held during the financial year ended 31 March 2020. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:-

Directors	Total Meetings Attended	Percentage Of Attendance (%)
Haji Mohd. Sharif Bin Haji Yusof	4/4	100
Seow Nyoke Yoong	4/4	100
Mohamad Fazlin Bin Mohamad	4/4	100
Dato' Wan Hashim Bin Wan Jusoh	4/4	100
Oh Chiew Ho	4/4	100
Oh Yung Sim	4/4	100
Oh Pooi Foon	4/4	100
Tay Kim Chuan *(resigned on 10 April 2020)*	4/4	100
Toh Tuan Sun	4/4	100

The Board meets at least four (4) times a year and as and when it is necessary. Due notice of matters to be discussed are provided to the Board a week before the meetings are held. The proceedings, deliberations and conclusions made by the Board are properly recorded in the minutes of meetings kept by the Company and circulated to the Board and Board Committees for confirmation before the meeting of the Board and Board Committees and signed by the Chairman of the meeting.

Appointment to the Board

The principal function of making recommendations for new appointments or re-election of retiring Directors has been delegated to the Nomination Committee.

A Nomination Committee has been established by the Board comprising wholly of Independent Non-Executive Directors as follows:

Seow Nyoke Yoong	*Chairman*
Haji Mohd. Sharif Bin Haji Yusof	*Member*
Mohamad Fazlin Bin Mohamad	*Member*

The Nomination Committee is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. All the assessments and evaluations carried out during the year was properly documented and minuted by the Company Secretary.

The evaluation of suitable candidate is not only based on academic but also through experience in this industry to ensure that valuable contribution which will be beneficial to the Company can be given to encourage growth of the Company.

Annually the Directors conduct a self-evaluation and the Nomination Committee assess the performance of the various committees. In the self-evaluation, each of the Directors have responded they strongly view themselves to fit in well with the other board members and are able to add to the Board's strength, abilities, experience and judgement. They also rated themselves high in the ability of preparedness for the meetings and discussion matters and insists upon and sources all information necessary for consideration of a particular issue or decision.

In the assessment of the performance of the Audit Committee, the Nomination Committee checks if the Audit Committee has reviewed the Internal Control policies, procedures & process and reporting of business risk, ensured internal audit function is in place, assessed the communication with external auditors and the scope of audit plan and reviewed related party transactions and any conflict of interest.

The Board assesses the effectiveness of the Nomination Committee in its function to ensure that there is an effective procedure for identifying, nominating and appointing caliber new board members, evaluated if the education programme is in place and reviewed feedbacks from individual Directors.

Further details on the duties and activities of the Nomination Committee is set out in the Nomination Committee Report.

The performance of the Remuneration Committee is assessed by the Nomination Committee to ensure that the Remuneration Committee has considered the financial performance of the Company before making recommendation of any increase of remuneration of the Executive Directors and Senior Management and ensure fees payable to Non-Executive Directors reflect experience, contribution and level of responsibility.

Directors' Training

All the Directors who were appointed have attended the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and they have also attended external training courses and programmes during the financial year 2020.

The Directors are encouraged to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes to enable them to sustain their active participation in board deliberations.

The following Directors have attended external training courses and programmes during the financial year 2020.

Director	Training attended	Date
Haji Mohd. Sharif Bin Haji Yusof	Key Disclosure Obligations of A Listed Company Financial Reporting	29 May 2019
	Sustainability Reporting, Sustainability Reporting Guide & the 6 Sustainability Reporting Toolkits Under Bursa's Listing Requirement – The Intricacies of Sustainability Reporting & Developing A Sustainability Framework	22 July 2019
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	
Seow Nyoke Yoong	Corporate Governance Monitoring 2019	30 May 2019
	New Data Reveals Best Practices on Boardroom Technology	26 October 2019
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	
	Key Employer Obligations and Data Privacy Implications	13 March 2020
	Understanding Force Majeure: Assessing Your Legal Position	24 March 2020
Mohamad Fazlin Bin Mohamad	Bursa Malaysia Thought Leadership Series	23 August 2019
	Audit Oversight Board Conversation with Audit Committees	8 November 2019
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	
Dato' Wan Hashim Bin Wan Jusoh	Board Effective Assessment	28 August 2019
	Malaysia Code of Corporate Governance 2017	
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	
Oh Chiew Ho	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	
Toh Tuan Sun	Seaisi 2019 Conference & Exhibition	17-20 June 2019
	Cyber Security in the Boardroom Accelerating from Acceptance to Action	27 June 2019
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	

Director	Training attended	Date
Oh Pooi Foon	Cyber Security in the Boardroom Accelerating from Acceptance to Action	27 June 2019
	Equity Planning 4.0	18 October 2019
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	
Oh Yung Sim	Equity Planning 4.0	18 October 2019
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	
Tay Kim Chuan	Cyber Security in the Boardroom Accelerating from Acceptance to Action	27 June 2019
	Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009	5 November 2019
	Proposed Amendments to the Listing Requirements in Relations to Anti-Corruption Measures Act to be taken by Directors	26 November 2019
	Key Observations by Securities Commission on Corporate Governance Overview Statements of Listed Issuers	

Directors' Remuneration

The Remuneration Committee had been established by the Board comprising wholly of Independent Non-Executive Directors as follows:-

Seow Nyoke Yoong	*Chairman*
Haji Mohd. Sharif Bin Haji Yusof	*Member*
Mohamad Fazlin Bin Mohamad	*Member*

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.

The Remuneration Committee met twice during the financial year ended 31 March 2020 to review the Non- Executive Directors' fees and allowance, remuneration package, including the annual bonuses and increments of the Executive Directors and Senior Management.

Details of Directors' remuneration for the financial year ended 31 March 2020 are set out as below:

Company level

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Meeting & Other Allowances (RM'000)	Statutory Contribution (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Haji Mohd. Sharif Bin Haji Yusof	76.0	-	12.0	-	-	88.0
Seow Nyoke Yoong	77.5	-	12.0	-	-	89.5
Mohamad Fazlin Bin Mohamad	80.0	-	12.0	-	-	92.0
Dato' Wan Hashim Bin Wan Jusoh	70.0	-	9.0	-	-	79.0
Oh Chiew Ho	36.0	-	-	-	-	36.0
Toh Tuan Sun	36.0	-	-	-	-	36.0
Oh Pooi Foon	36.0	-	-	-	-	36.0
Oh Yung Sim	36.0	-	-	-	-	36.0
Tay Kim Chuan	36.0	-	-	-	-	36.0

Group level

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Meeting & Other Allowances (RM'000)	Statutory Contribution (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Haji Mohd. Sharif Bin Haji Yusof	76.0	-	12.0	-	-	88.0
Seow Nyoke Yoong	77.5	-	12.0	-	-	89.5
Mohamad Fazlin Bin Mohamad	80.0	-	12.0	-	-	92.0
Dato' Wan Hashim Bin Wan Jusoh	70.0	-	9.0	-	-	79.0
Oh Chiew Ho	36.0	2,064.1	-	382.2	28.0	2,510.3
Toh Tuan Sun	36.0	725.0	-	136.4	17.4	914.8
Oh Pooi Foon	36.0	489.0	-	92.5	28.0	645.5
Oh Yung Sim	36.0	494.0	-	92.5	24.0	646.5
Tay Kim Chuan	36.0	414.9	-	78.3	13.3	542.5

Practice 7.2 of the Code requires the Company to disclose on a named basis the top five (5) Senior Management's remuneration component including salary, bonus, benefits-in-kind and other remuneration in bands of RM50,000. The Company has identified six (6) senior management personnel as its key senior management (their names and respective profile as stated on page 10 of the Annual Report) and their remuneration was determined by the performance management system adopted by the Group which reflects market value and based on individual performance, roles and job responsibilities, level of skills and experience, and the Group's performance against financial objectives. The Board has not applied Practice 7.2 as it is of the view that such disclosure will give rise to recruitment and talent retention issues and there would be adverse implication including dissatisfaction and animosity among the staff, hence will not apply this Practice.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Accountability And Audit

The oversight function of the Board is served by the Audit Committee that has been established comprising wholly of Independent Non-Executive Directors as follows:-

Mohamad Fazlin Bin Mohamad	*Chairman*
Seow Nyoke Yoong	*Member*
Haji Mohd. Sharif Bin Haji Yusof	*Member*
Dato' Wan Hashim Bin Wan Jusoh	*Member*

Further details on the duties and activities of the Audit Committee is set out in the Audit Committee Report.

In line with the best practice, the Audit Committee Chairman is appointed by the Board and is not the Board Chairman.

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference. It shall have full and unrestricted access to any information pertaining to the Group. The Audit Committee is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by it.

The detailed Terms of Reference of the Audit Committee outlining the composition, duties and functions, authority and procedures of the Audit Committee are published and available on the Company's website at www.ays-group.com.

AYS has always recognised the need to uphold independence. None of the members of the current Board was a former key audit partner within the cooling-off period of two (2) years.

The Audit Committee carried out an assessment of the performance and suitability of Grant Thornton Malaysia PLT, the External Auditors based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The Audit Committee is generally satisfied with the independence, performance and suitability of Grant Thornton Malaysia PLT based on the assessment conducted and recommends to the Board and shareholders for approval for the re-appointment of Grant Thornton Malaysia PLT as External Auditors for the financial year ending 31 March 2021.

The assessment of Performance of Audit Committee is conducted annually by the Nomination Committee. The evaluation process amongst others considered whether the Audit Committee had met its purpose, whether its composition was appropriate, and whether it had the necessary authority and processes to carry out its functions and fulfill its obligations. The Nomination Committee was satisfied with the performance of the Audit Committee.

Risk Management and Internal Control Framework

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board is aware that a risk management framework and sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group's internal audit function is undertaken on a co-sourcing basis. The Company's in-house Internal Auditor works together with UHY Advisory (KL) Sdn. Bhd. to perform the independent risk-based internal audit review on the key operational areas of the Group. The Statement on Risk Management and Internal Control set out in Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board prior to submission to Bursa Malaysia Securities Berhad. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing section.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2020, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 2016.

Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee reviews and monitors the suitability and independence of external auditors. To provide support for an assessment on independence, the Audit Committee obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

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

Communication with Stakeholders

AYS is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

Conduct of General Meetings

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings is held as and when required. As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the Code.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation of and engagement with shareholders at the AGM in 2019, all Directors (save for Mr Tay Kim Chuan who was overseas at that time), including members of AC, NC and RC, attended and participated in the AGM.

Dialogue with Investors

The Board is committed to ensuring that the shareholders and other stakeholders are well informed of the Group's strategy performance and major developments of the Company and the information is communicated to them through the following:

(i) the Annual Report;
(ii) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the quarterly results and annual results;
(iii) the website at www.ays-group.com which shareholders as well as members of the public are invited to access for the latest information on the Group; and
(iv) the meetings with fund managers and analysts and interviews by the press.

COMPOSITION

Mohamad Fazlin Bin Mohamad	*Chairman, Independent Non-Executive Director*
Haji Mohd. Sharif Bin Haji Yusof	*Member, Independent Non-Executive Director*
Seow Nyoke Yoong	*Member, Independent Non-Executive Director*
Dato' Wan Hashim Bin Wan Jusoh	*Member, Independent Non-Executive Director*

AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2020, four (4) Audit Committee Meetings were held and the details of attendance of each member are as follows:-

AUDIT COMMITTEE MEMBERS	TOTAL MEETINGS ATTENDED
Mohamad Fazlin Bin Mohamad	4/4
Haji Mohd. Sharif Bin Haji Yusof	4/4
Seow Nyoke Yoong	4/4
Dato' Wan Hashim Bin Wan Jusoh	4/4

FUNCTIONS OF AUDIT COMMITTEE

In fulfilling its primary objectives, the Audit Committee shall undertake the following duties and responsibilities and report the same to the Board for approval:

<u>Financial Reporting and Compliance</u>

1. To review the quarterly results and annual audited financial statements of the Company, focusing particularly on:
   (a) changes in or implementation of major accounting policies and practices;
   (b) Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
   (c) compliance with accounting standards and other legal requirements; and
   (d) the going concern assumption.

2. To review any related party transaction and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises question of management's integrity;

<u>Risk Management and Internal Audit</u>

3. To consider and approve Annual Risk Management Plan and be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular manner that will allow the Company to minimise losses and maximise opportunities;

4. To consider and approve the Annual Internal Audit Plan and programme and be satisfied as to the adequacy of coverage and audit methodologies employed;

5. To ensure that the system of internal control is soundly in place, effectively administered and regularly monitored and to review the extent of compliance with established internal policies, standards, plans and procedures;

6. To review and approve the reports on internal audit and risk management and to ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;

7. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations from the Audit Committee itself;

8. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

9. To review any appraisal or assessment of the performance and to approve any appointment, resignation or termination of Internal Auditors and senior members of the internal audit functions and inform itself of any resignations and reasons thereof;

Statutory and Non-Statutory Audit

10. To review and discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;

11. To review any matters concerning the appointment and re-appointment, audit fees and any questions of resignation, dismissal or removal of the External Auditors;

12. To review factors related to the independence and objectivity of External Auditors and their services including non-statutory audit services;

13. To discuss on findings, problems and reservations arising from the interim and final statutory audits, External Auditors' Audit Committee Report and any matters the External Auditors may wish to discuss as well as to review the extent of cooperation and assistance given by the employees of the Company to the External Auditors;

Other Matters

14. To review the Statement on Risk Management and Internal Control and to prepare the Audit Committee Report for the Board's approval prior to inclusion in the Annual Report;

15. To carry out such other functions as may be directed by the Board.

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2020, the Audit Committee, in discharging its functions and duties, carried out the following activities:-

- Reviewed the quarterly reports of the Group prior to submission to the Board of Directors for consideration and approval;
- Reviewed the audited financial statements of the Company and of the Group for the financial year ended 31 March 2019 prior to submission to the Board of Directors for consideration and approval;
- Reviewed the Statement on Risk Management and Internal Control ("SRMIC") in respect of the financial year ended 31 March 2019 and the external auditors' report on the SRMIC prior to submission to the Board of Directors for consideration and approval;
- Reviewed the Audit Committee's report in respect of the financial year ended 31 March 2019 prior to submission to the Board of Directors for consideration and approval;
- Reviewed and approved the Audit Planning Memorandum and Internal Audit Plan;
- Reviewed and discussed the Internal Audit Reports;
- Reviewed and discussed the half-yearly Enterprise Risk Management Reports for the period of January to June 2019 and July to December 2019;
- Reviewed the competency and effectiveness of the internal auditors and external auditors;
- Recommended the re-appointment of external auditors and the payment of audit fees;
- Reviewed the recurrent related party transactions;
- Reviewed the performance of the Group; and
- Reviewed the adequacy of the Company's anti-corruption practices against the Guidelines on Adequate procedures issued pursuant to subsection 5 of the Section 17A under the Malaysian Anti-Corruption Commission Act 2009.

Internal Audit Function

The Company's internal audit function is undertaken on a co-sourcing basis. The Company's in-house Internal Auditor works together with the External Consultant, UHY Advisory (KL) Sdn Bhd ("UHY") to perform the independent risk-based internal audit review on the key operational areas of the Group. The internal audit function is responsible to conduct consistent and systematic review on the adequacy and integrity of internal control systems to provide reasonable but not absolute assurance to ensure risks are appropriately identified and mitigated. The Internal Audit Plan for the year 2019/2020 was tabled and approved by the Audit Committee on 27 August 2019. The four main areas reviewed and reported during financial year ended 31 March 2020 encompassed the following:

(i) Anti-Bribery and Anti-Corruption Assessment;
(ii) Talent Management, Succession Planning and Businesss Continuity Function;
(iii) Operations review on AYS Metal Products & Engineering Sdn Bhd; and
(iv) Credit Control Function.

An internal audit review report is submitted to the Audit Committee on a quarterly basis. Criteria to be addressed in the report include risk identification and mitigation, corrective action plans and implementation of the plans by the Management.

Follow-up visits were carried out to ensure weaknesses identified have been or are being addressed. Periodic internal audit reports and status on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings.

During the financial year ended 31 March 2020, an amount of RM228,732.40 was incurred in respect of the Group's internal audit function.

COMPOSITION

The Company has established a Nomination Committee comprising exclusively of Independent Non-Executive Directors, as follows:-

Seow Nyoke Yoong	*Chairman*
Haji Mohd. Sharif Bin Haji Yusof	*Member*
Mohamad Fazlin Bin Mohamad	*Member*

The Nomination Committee has a written terms of reference dealing with its authority and duties which includes the selection and assessment of directors.

FUNCTIONS

The key functions of the Nomination Committee include the following:-

(a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness;

(b) Review annually its required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report;

(c) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors;

(d) Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board taking into consideration the skills, knowledge, expertise and experience; professionalism; integrity of the candidate; and in the case of candidates for position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors;

(e) Formalise a transparent procedure for proposing new nominees and recommending on the suitability of candidates nominated for appointment to the Board and to fill the seats of the Audit, Nomination, Remuneration and other Committees; and

(f) Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.

The Nomination Committee met one time during the financial year ended 31 March 2020.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2020, the Nomination Committee, in discharging its functions and duties, carried out the following activities:-

a. reviewed the mix of skills, experience and other qualities of the Board;
b. assessed the effectiveness of the Board as a whole, the Board committees and the individual Directors;
c. reviewed the composition of the Committee; and
d. discussed and recommended the re-election of retiring Directors.

The Nomination Committee upon its annual assessment carried out for financial year 2020, was satisfied that:-

a. the size and composition of the Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
b. the Board has been able to discharge its duties professionally and effectively;
c. all the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
d. all the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective work experience, academic, and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;
e. the Independent Directors bring independent and objective judgement to the Board and mitigates risks arising from conflict of interest or undue influence from interested parties;
f. the Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
g. all the Directors have received training during the financial year ended 31 March 2020 that is relevant and would serve to enhance their effectiveness in the Board.

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound internal control system and risk management to safeguard the shareholders' investments and the Group's assets. The Board of Directors ("Board") is committed to maintain a sound system of risk management and internal control in the Group. Set out below is the Board of Directors' "Statement on Risk Management and Internal Control" which has been prepared in accordance with the paragraph 15.26 (b) of the Main Market Listing Requirements and Guidelines for Directors of Listed Issuers: Statement on Risk Management and Internal Control.

RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsible for the adequacy, integrity and effectiveness of the AYS Group's ("the Group") risk management and internal control system. The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's and business objectives will be achieved. The Board regularly reviews the internal control system to ensure it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. Management assists the Board in the implementation of the Board's framework, policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board has received assurance from the Group Managing Director and the Group Financial Controller that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

RISK MANAGEMENT

The Board is aware that a risk management framework and sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group has in place an on–going process for identifying, monitoring and managing significant risks that may affect the achievement of business objectives.

Management is continuously reviewing potential risk areas through on-going process for identifying emerging risks, including maturity and effectiveness of controls or treatments being applied to mitigate existing risks, and reported to Audit Committee on half yearly basis. Where a particular risk is identified, it will be monitored with counter measures taken to mitigate the risk, if possible.

<u>Internal Review and Audit</u>

The Group's internal audit function is undertaken on a co-source basis. The in-house Internal Auditor works together with independent advisory firm, UHY Advisory (KL) Sdn Bhd who reports directly to the Audit Committee. In addition, the internal audit function is responsible to conduct consistent and systematic review on the adequacy and integrity of internal control systems to provide reasonable but not absolute assurance to ensure risks are appropriately identified and mitigated.

An internal audit review report is submitted to the Audit Committee on a quarterly basis. Criteria to be addressed in the report include risk identification and mitigation, corrective action plans and implementation of the plans by the Management.

Follow-up visits were carried out to ensure weaknesses identified have been or are being addressed. Periodic internal audit reports and status on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings.

<u>Review of the Statement by External Auditors</u>

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountant ("MIA") for inclusion in the annual report for the year ended 31 March 2020. Based on their review, nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control cover 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 Directors and management thereon.

CONCLUSION

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

During the financial year under review, the Board is satisfied that no material losses, deficiencies or errors were arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report.

The Board will continue to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and the Group's assets are consistently safeguarded.

This statement was approved by the Board on 29 June 2020.

The Board of Directors (the “Board” or “BOD”) is pleased to present our third Sustainability Statement in line with the Bursa Malaysia Securities Berhad Listing Requirements. We have taken steps to incorporate standard disclosures in according to the Global Reporting Initiatives (“GRI”) reporting guidelines and Bursa Malaysia Sustainability Reporting Guide Second Edition into this Statement.

This Statement provides an overview of our sustainability practices and performance for the financial year ended 31 March 2020 in the areas of corporate governance, upholding stakeholders’ interests, promoting a safe, healthy and harmonious working environment for all our employees and contributing to the communities in which we operate.

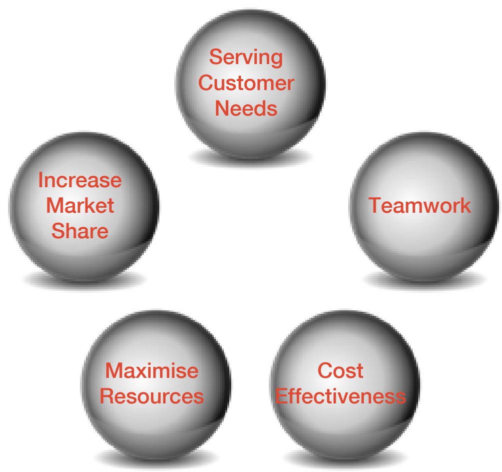
The scope of this Sustainability Statement extends to our key subsidiaries (collectively referred to as “AYS” or the “Group”) as listed below:

- Ann Yak Siong Hardware Sdn Bhd (“AYSH”)
- AYS Marketing Sdn Bhd (“AYSM”)
- CH Yodoform Sdn Bhd (“CHY”)
- AYS Metal Products and Engineering Sdn Bhd (“AYSMPE”)
- AYS (FZ) Sdn Bhd (“AYSFZ”)

The qualitative and quantitative data presented in this Sustainability Statement represents the Group’s Economic, Environmental and Social (“EES”) performances from 1 April 2019 to 31 March 2020, unless stated otherwise.

SUSTAINABILITY STRATEGY AND FRAMEWORK

We have embraced the values of corporate responsibility and elements of sustainability management since the early days of our operations. These values are reflected in our vision and mission, core values, policy statements and work practices across our operations and contribute to the development of the Group’s Sustainability Framework.



Environmental, Social and Governance Policy

- Balancing EES risks and opportunities in the interest of stakeholders to enhance investors perception and public trust.
- Making the Earth a better place to live in through responsible investment and weigh on an appropriate risk-return profile for these investment.
- Considering the impacts of the Group’s operations on the local community.
- Ensuring potential negative impacts on environment, society, human health and safety are properly assessed, addressed and monitored.
- Focusing on compliance and policies, and uplifting the integrity of the Group’s subsidiaries, its shareholders, Board of Directors and employees.

We recognise that stakeholders are increasingly interested in understanding the approaches of organisations in managing their EES risks and opportunities, as well as the positive and negative impact of business operations; we have formulated an overarching sustainability strategy that encompasses EES risks and opportunities for the Group which are broken down into four key pillars; Economic, Workplace, Environment and Society.

Sustainability Strategy	
Economic: Engage in business practices that focus on sustainable returns and ensure a healthy economic growth	**Workplace**: Implement measures that protect the health and safety of our employees while ensuring fair practices and equal opportunities
Environment: Adopt sustainable measures that facilitate responsible resource use and reduce our environmental impact	**Society**: Support our local community by creating employment opportunities and contribute to societal harmony

In 2019, we mapped the EES risks and opportunities arising from our business operations to five United Nations Sustainable Development Goals ("UNSDGs"). In 2020, we maintained all five UNSDGs because they represent our aspirations and business direction to build an initiative to achieve our target.

UNSDGs	Goals
	• Ensure safe and secured workplace • Maintain and comply to certification for ISO45001 • Maintain incident record keeping, stringent monitoring and improved initiatives
	• Ensure fair treatment and remuneration to all employees • Prioritise local hiring to enhance local economic growth
	• Create fair opportunities and provide equal treatment to all employees regardless of race, gender, age or region
	• Establish sustainable procurement practises by prioritising local suppliers to support our business operations • Maintain product quality through stringent monitoring measures
	• Maintain product quality certification to continuously meet and exceed customer expectations • Remain in compliance to national and international regulations where applicable

We also started by setting targets in 2020, and in the next two years, we focus on the set targets, the most material challenges, as well as improved our sustainability reporting and documentation. An overview of our targets for Financial Year ("FY") 2021-2022 are as below.

Target FY2021-2022
• Zero fatality for all business operations.
• Implement a Group Anti-Bribery and Corruption Policy and Framework including roll-out of anti-bribery and corruption awareness to employees throughout the Group and incorporation into staff induction process.
• Upgrade and implement certification for ISO 45001:2018.
• Establish performance monitoring of air pollution control system.
• Construction of new covered warehouse with warehousing facilities.
• To integrate sustainability strategy and framework into oversea subsidiary's business operation.
• Establish a CSR Task Force to develop a community development strategy.

SUSTAINABILITY GOVERNANCE

While the Board is primarily responsible for the Group's sustainability practices and performance, it is assisted by the sustainability committee comprising representatives from all levels of the Group in managing sustainability related matters. The Sustainability Steering Committee ("SSC") and Sustainability Working Committee ("SWC") make up the remaining governance structure with roles and responsibilities to ensure our sustainability practices and initiatives are maintained and followed by our stakeholders. The SSC endeavours to review, develop and implement sustainability strategies which ultimately embedding sustainability goals into the daily business operations and strategies.

Several of the key roles and responsibilities of our BOD, SSC and SWC are listed below.

BOD	• Oversees overall sustainability efforts implemented by the SSC and SWC • Provides final approval for sustainability related matters • Provides approval of the Group's annual sustainability statement
SSC	• Reports overall sustainability progress to the BOD • Seeks approval from the BOD for sustainability initiatives recommended by the SWC • Monitors sustainability efforts and progress implemented by the SWC
SWC	• Identifies material sustainability matters relevant to the Group • Implements sustainability initiatives • Reports to the SSC on the overall progress of sustainability initiatives and highlights any challenges or limitations

STAKEHOLDER ENGAGEMENT

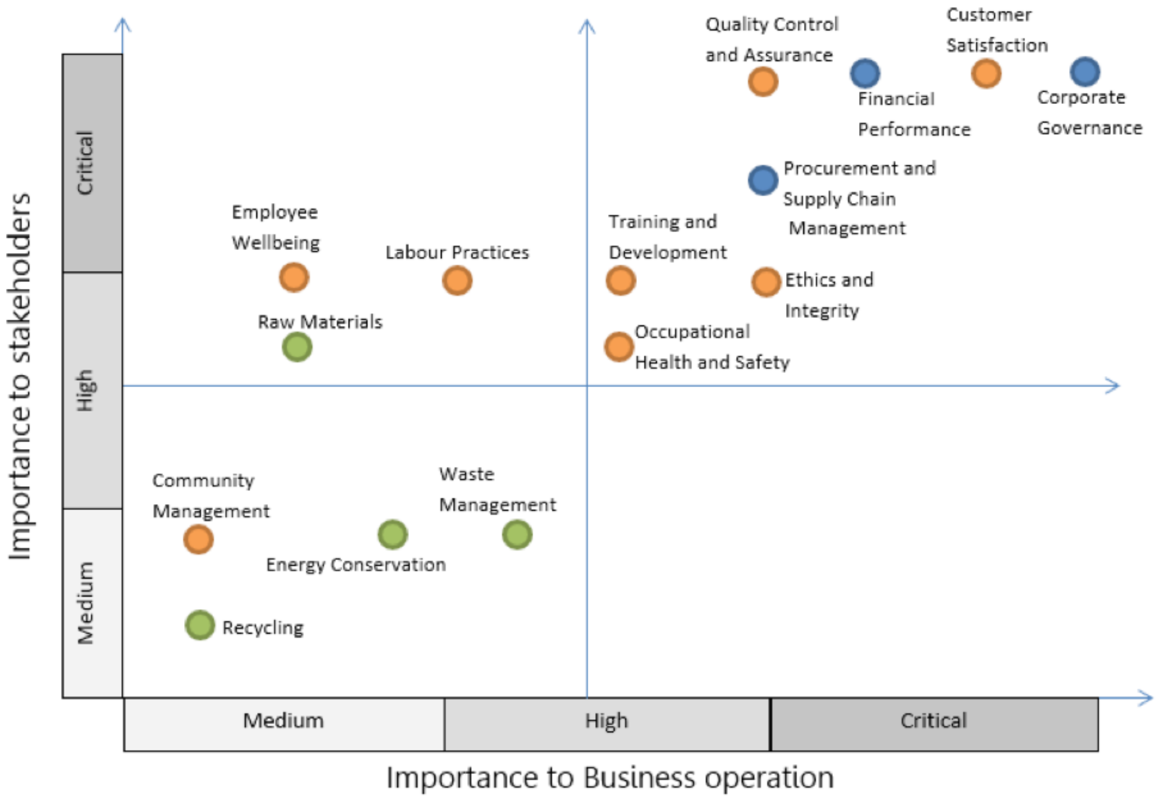
The Group believes that it is through a stakeholder-driven approach that we can accelerate sustainability. We value our partnerships with numerous stakeholders as a way to not only address our sustainability issues, but to help our stakeholders address their sustainability challenges. By establishing effective and transparent lines of communication with our stakeholders, we aim to address their concerns in a collaborative manner that meets both the stakeholders' interests and the Group's vision for sustainable growth. The table below presents our stakeholder engagement sessions for FY2020.

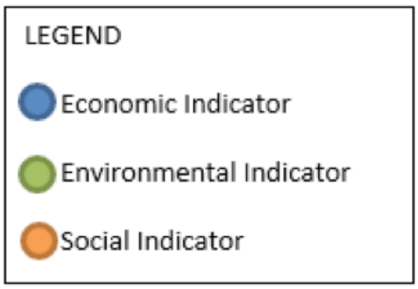
STAKEHOLDERS	AREAS OF INTEREST	METHODS OF ENGAGEMENT	FREQUENCY
INVESTORS	• Group financial performance • High financial returns • Good corporate governance	• Annual general meeting	• Annually
		• Annual report	• Annually
		• Company website	• As and when required
		• Press release	• As and when required
CUSTOMERS	• Efficient complaints resolution • Customer-company relationship management • Competitive pricing • Quality of products and service	• Regular client meetings	• As and when required
		• Feedback sessions	• As and when required
		• Satisfaction surveys	• Annually
		• Community and networking events	• As and when required
EMPLOYEES	• Performance management • Training and development • Work-life balance • Benefits and remuneration • Occupational health and safety	• Circulation of internal policies	• As and when required
		• Management meetings	• As and when required
		• Employee appraisal	• Annually
SUPPLIERS AND VENDORS	• Transparent procurement practices • Payment schedule • Pricing of services	• Evaluation and performance reviews	• Annually
		• Contract negotiation	• As and when required
		• Vendor registration	• As and when required
REGULATORY AGENCIES AND STATUTORY BODIES	• Governance compliance • Labour practices • Occupational health and safety • Environmental management and compliance	• Inspections/audits by local authority	• As and when required
		• Regular meetings with regulators	• As and when required
LOCAL COMMUNITIES	• Social issues • Impact of business operations • Environmental impacts	• Community engagement	• As and when required
		• Corporate Social Responsibility (CSR) programmes	• Annually • As and when required

MATERIAL SUSTAINABILITY MATTERS

Material Sustainability Matters ("material matters") comprise indicators that represent governance, economy, environment and societal topics that are important to both our operations and stakeholders.

In FY2018, the Group conducted its first materiality assessment and identified 15 material sustainability matters representing our EES risks and opportunities, where 8 out of the 15 material matters were ranked within the High to Critical range for our business operations and stakeholders. This year, the Group conducted a reassessment of material matters to ensure their relevance in representing our key risks and opportunities. Based on the reassessment exercise, the Group maintained all the material matters and presented in a materiality matrix as below.





To further emphasise on our commitment to sustainability, we mapped our material sustainability matters to reflect its relevance to our stakeholders and the corresponding GRI Indicators as well as the five UN SDGs as presented in the table below.

Material Sustainability Matter	Relevant Stakeholder(s)	Corresponding GRI Indicator(s)	UNSDGs
Corporate Governance	Investors, Suppliers and Vendors, Regulatory Agencies	GRI General Standard Disclosures	16
Customer Satisfaction	Customers	GRI General Standard Disclosures	8
Financial Performance	Investors, Financiers, Suppliers and Vendors	Economic Performance	8
Quality Control and Assurance	Customers, Suppliers and Vendors, Regulatory Agencies	Socioeconomic Compliance	8
Procurement and Supply Chain Management	Suppliers and Vendors, Regulatory Agencies	Procurement Practices	8
Ethics and Integrity	Investors, Suppliers and Vendors, Regulatory Agencies	GRI General Standard Disclosures	16
Training and Development	Employees	Training and Education	3, 8
Occupational Health and Safety	Employees, Suppliers and Vendors, Regulatory Agencies	Occupational Health and Safety	3
Labour Practices	Employees, Suppliers and Vendors, Regulatory Agencies	Child Labour and Forced or Compulsory Labour	3, 10
Employee Well-being	Employees	Diversity and Equal Opportunity	3, 10
Raw Materials	Suppliers and Vendors	Materials	12
Waste Management	Suppliers and Vendors, Regulatory Agencies	Effluents and Waste	12
Energy Conservation	Suppliers and Vendors	Energy	12
Community Engagement	Local Communities	Local Communities	3
Recycling	Suppliers and Vendors, Regulatory Agencies	Effluents and Waste	12

SUSTAINABLE ECONOMIC

Economic and Business Performance

Economic performance is imperative to the sustainability of the Group as it supports the growth of our business operations. It is a top priority for AYS as well as for our stakeholders, and as such, appropriate plans and strategies have been set in place in order to maximise value returned to our stakeholders. Please refer to page 13 of our Management Discussion & Analysis report for full details on our financial highlights. To read the full disclosure of our financial performance, kindly refer to our Financial Statements FY2020.

Sound Corporate Governance

Sustainable business practices require sound corporate governance. The Group subscribes to the principles and best practices outlined by the Malaysian Code on Corporate Governance 2017, details of which are presented on Page 19 of this Annual Report.

Ethics and Integrity

At AYS, we hold ourselves to the highest standards of professional conduct. Our Code of Business Conduct outlines the expected standards of behaviour for our employees with respect to corporate governance and ethical principles whilst promoting integrity and respect among employees. We disseminate the requirements to our employees during our orientation programme.

Anti-Bribery and Corruption Policy and Whistleblowing Policy

We have developed a Group Anti-Bribery and Corruption Policy to reinforce basic principles of the Group on integrity and create anti-bribery culture within the Group. In FY2021, we plan to implement an anti-bribery framework and roll-out anti-bribery and corruption awareness to employees throughout the Group and incorporation into the staff orientation programme. We also have in place Group Whistleblowing Policy with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices. All complaints are investigated and such breaches may lead to disciplinary measures, including dismissal.

To date, the Group has received zero whistleblowing report via the Whistle-Blower reporting channel.

Compliance

At AYS, we promote a culture of compliance by ensuring strict adherence to laws and regulations. In meeting the legalities outlined by national laws, the Group complies to the following general regulatory requirements related to the trading and manufacturing industry listed in the table below. While these regulations represent the overall compliance of the Group, we also comply to subsidiary regulations and laws enforced by the nation to ensure that our business continues to meet Malaysia's legal requirements.

Maintaining Regulatory Compliance		
Economic	**Environmental**	**Social**
• Employment Act 1955 • Companies Act 2016 • Minimum Wage Order 2016	• Environmental Quality Act 1974 • Environmental Quality (Scheduled Wastes) Regulations 2005 • Environmental Quality (Clean Air) Regulations 2014	• Fire Services Act 1988 • Occupational Safety and Health Act 1994 • Factories and Machinery Act 1967

Procurement Practises

Suppliers who are both local and non-local are the key component of our supply chain as they support our services in trading and manufacturing of steel and construction materials. While we may not have an official policy to enforce preferential selection of local suppliers, we are aware of our responsibility as a Group to enhance Malaysia's economic prosperity by contracting suppliers operating within the country.

As traders and manufacturers, the quality and cost of the products we procure remain as important aspects of our business, regardless of its national or international source, hence, the Group actively hires local suppliers for products that meet our selection criteria. While most of our products from AYSH and CHY are mainly from international suppliers, mainly due to product availability that the local suppliers unable to supply and cost efficiency. Our AYSMPE, AYSFZ and AYSM obtain majority of its products from local suppliers, therefore ensuring that local business continues to profit as the Group grows its business value chain. Nevertheless, we are observing some increasing trend of engaging local suppliers compared to last year, as illustrated in the table below.

Company	FY2019		FY2020	
	Local	Non-Local	Local	Non-Local
AYSFZ	100%	-	100%	-
AYSM	100%	-	100%	-
AYSMPE	46%	54%	55.80%	44.20%
CHY	33.15%	66.85%	34.22%	65.78%
AYSH	4.47%	95.53%	11.65%	88.35%

In addition, to ensure the quality of our products, we apply strict standards where all suppliers are vetted using stringent preselection criteria and evaluated progressively upon selection. We conduct performance evaluations of our suppliers every year to ensure their performance meet our expectation.

Quality Management

We employ stringent standards and certifications across all our business processes to improve our products reliability, durability and performance of our products. We maintain strict compliance with the quality and operations system certifications listed below as part of an annual assurance to our stakeholders on our commitment towards meetings our customer requirements.

Subsidiaries	Standards and Certifications
AYSMPE	MS 1390:2010 Specification for glass-reinforced polyester panels and panel water tanks
	BS 1564:1975 Specification for pressed steel sectional rectangular tanks
CHY	AS 1397 G450 Continuous hot-dip metallic coated steel sheet and strip- coatings of zinc and zinc alloyed with aluminium and magnesium
AYSH	MS EN 10025 Specification for hot rolled products of structure steels (further divided into three parts)
	MS 146:2014 Specification for hot rolled steel bars for reinforcement of concrete

As part of our ongoing initiatives to achieve top-level quality and customer satisfaction, we maintain our certification to the following standards for the Group and our four subsidiaries. These certifications are accredited by Standards Malaysia and the United Kingdom Accreditation Service (UKAS) and certified Bureau Veritas Certification (Malaysia) Sdn Bhd.

Standards and Certifications	Expiry date	Scope
ISO 14001:2015 ISO 9001:2015 OHSAS 18001:2007	11 March 2021	• Stockist and distributor of structural steel products for construction and engineering application • Trading of building and construction materials • Warehousing Activities • Manufacture of Presses-Steel and Fiberglass Reinforced Polyester (FRP) sectional water storage tanks • Manufacture of metallic coated cold form steel section • Pre-processed steel structure components using fully automated CNC cut and drill process including surface treatment by blasting

SUSTAINABLE WORKPLACE

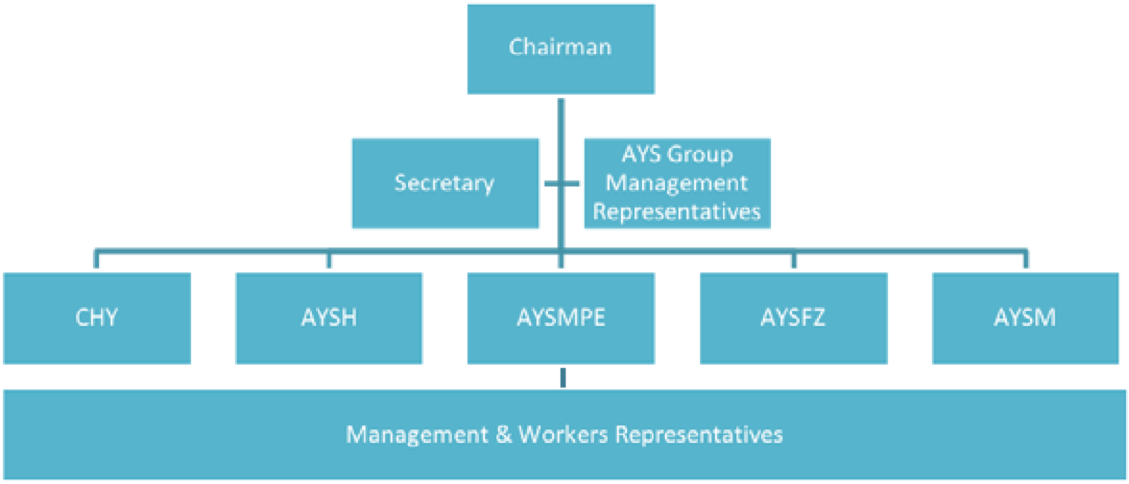
At AYS, we strive to comply with relevant laws and legislations to ensure that health and safety in the workplace is not being compromised and the general well-being of our employees is protected. With the aim of reducing the frequency and severity of incidents, we inculcate safety awareness by providing safety training and regular safety reviews.

During the recent COVID-19 pandemic, AYS has put in place the Standard Operating Procedures ("SOP") and Mitigating Plan to manage and mitigate the impact of any pandemic outbreak. Measures for protecting employees from exposure to, and infection with, COVID-19 has been implemented by the Group from the early stages of the outbreak in 2020. In addition, AYS also complied with Ministry of Health's SOPs and Guidelines in combating to the COVID-19 pandemic.

Occupational Health and Safety

Safety measures and practices within the Group is supervised by our dedicated Safety, Health and Environmental Committee ("SHEC"), represented by both the management as well as the workers are varying ratios across each of our subsidiaries. We have also formed an Emergency Response Team ("ERT") comprising of first aiders, fire fighters and chemical spillage team. Both the SHEC and ERT are responsible for the formulation of mitigation measures to minimise accidents and occupational health issues, ensuring the Group adheres to regulatory requirements and creating awareness of OSH risks and hazards within the Group.

SHEC is also tasked to ensure our business operations are in compliance with applicable environmental legal requirements enforced by local authorities. The environmental performance shall be further elaborate in the Sustainable Environment section below.



The table below presents the roles and responsibilities of our SHEC committee.

Roles and Responsibilities
• To establish programmes to ensure compliance to the safety requirements stipulated in OHSA 1994
• To conduct safety inspection and formulate appropriate safety audit checklist
• To assist in the development of safety & health rules and implement safe working system
• To review the effectiveness of safety and health programmes
• To carry out trend analysis on near-miss, accidents or incidents that occur within the Group
• To report any unsafe or unhealthy working conditions or practises within the Group and provide recommendations for corrective actions
• To review safety & health policies adopted by the Group and recommend any required revision based on national regulations
• To assist in the investigation of any accidents and provide recommendations to prevent reoccurrence
• To investigate any complaints regarding safety & health matters reported within the Group

Following our target to retain zero workplace fatalities and to drive down overall lost-time injuries, AYS offers continuous training and education programmes and provides personal protection equipment to all authorised operation workers and visitors. Examples of health and safety initiatives that were conducted in FY2020 are:-

- Safety signage: We place all required signage in designated areas.
- Fire drill: We conduct a fire drill once a year for all employees.
- Health and Safety briefing: We conduct weekly briefing session on health and safety at operating sites to all employees.
- Health and safety induction: We provide a briefing to all new employees on Health and Safety SOPs.
- Health and safety awareness programme: We carry out health and safety awareness programme periodically on health and safety knowledge and best practices.
- Provision of basic First Aid, AED, and CPR training.
- Provision of ERT and chemical spillage training.
- Regular maintenance of fire-fighting equipment.

Incident Records

This year, we recorded five major injuries and a total of 976 hours of loss time injury ("LTI"), as compared to last year of one major injury and a total of 440 hours of LTI. Our Lost Time Injury Frequency Rate ("LTIFR") for this year recorded at 6.81, as compared to 5.72 for last year. Investigations and corrective actions were immediately undertaken following the incidents.

Despite we recorded an increase for both LTI and LTIFR, we maintained our target for zero fatalities case in FY2020. Nonetheless, we will strive harder to ensure that "zero" fatality is maintained and also to reduce further on both the LTI and LTIFR as an effort of our continued improvement on safety initiatives and engagement programmes and to protect our employees and public from any safety and health risks related to our operation.

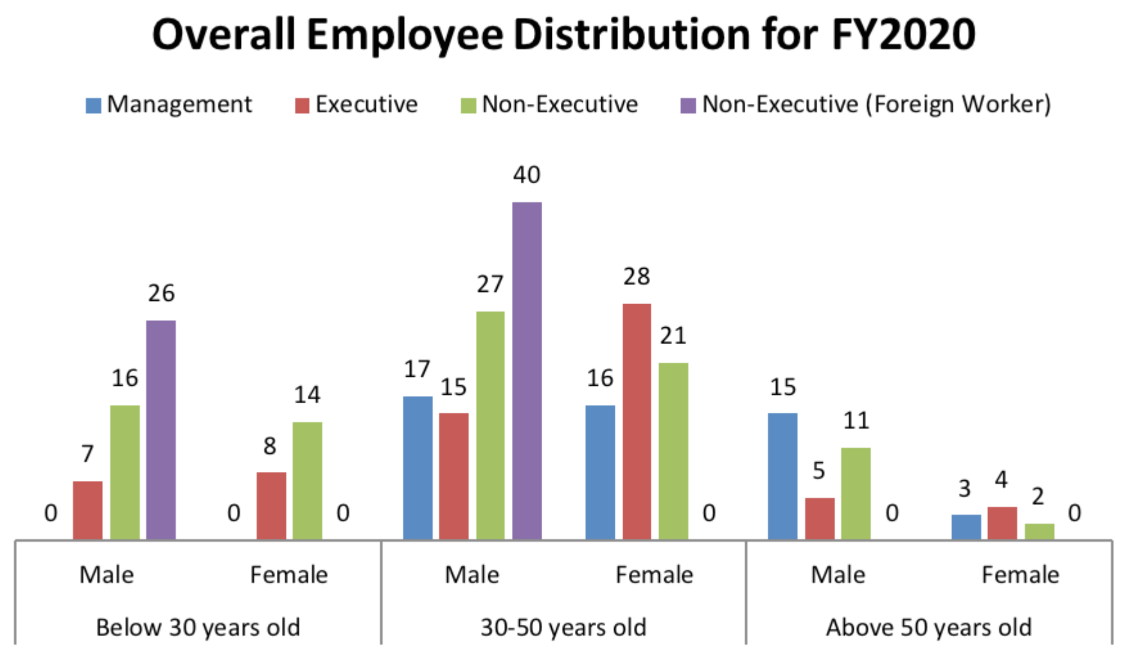
Employee Distribution

At AYS, we believe that diversity and inclusiveness instil a strong sense of responsibility in our employees and encourage them to give their best performance, which is essential in enhancing our overall productivity output.

Our workforce consists of mostly male employees (65%) compared to female employees (35%) which is attributed to the nature of work which involves heavy manual tasks. Nevertheless, we do not restrict our female employees from undertaking any professional positions and tasks, provided that they are fully qualified for the job.

We stand strongly against any form of gender, racial or age discrimination and recruit employees who are best qualified for the job based on their qualifications, skills and experiences in the industry.

The Group's total employee distribution by gender, age and employment category for FY2020 is presented in the graph below. The employee's age distribution within the Group mainly ranges in the 30 to 50 years old age group (60%). This group is made up of experienced and skilled employees and we are committed to further building their knowledge and skills in the future.



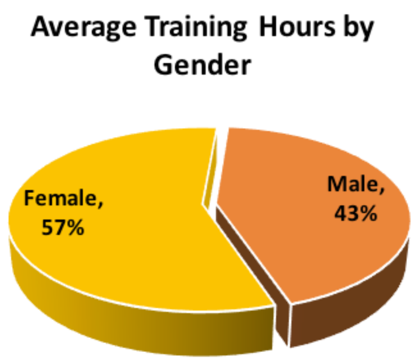
Employee Talent Development

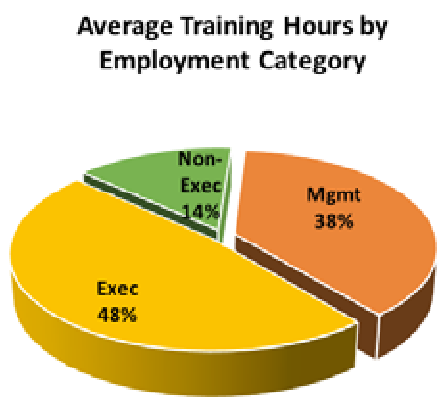
AYS firmly believes that by creating long-term value and knowledge sharing amongst our employees is a significant driver of business excellence. As such, we place great importance on developing our workforce through training programmes aimed at improving product knowledge, providing updates on current industry trends and enhancing competency, in preparation for the current and future industry climate.

In FY2020, the Group provided a total of 302.25 hours of training. The training programmes provided to our employees are primarily focused on competency, skills development, safety, orientation and seminars relevant to the industry; several examples of the training programmes are listed in the table below.

List of Training Programmes			
Competency	**Safety**	**Skills Development**	**Orientation**
• "Do-it Right The First Time" • Fundamental of Office Administration • Product Knowledge Sharing • Scheduled Waste Briefing • Tax Planning for HR Managers • Total Procurement Transformation & Solutions • UMW Forklift Operations & Safety Training	• Chemical Handling Standard Operating Procedure • Emergency Response Plan • First Aid, CPR & AED • Hearing Awareness & Conservation Program • Kes-Kes Kemalangan Di Tempat Kerja • OSH National Conference • Overhead Crane & Hoist Handling	• Certified Env. Professional in Bag Filter Operations • Defectiveness Identification & Inspection • Defining Performance and Developing KPSs • Emergency Response Plan • Making Quality A Way of Life • Steel Connection Under Monotonic and Seismic Loading • Stress Management • Supervisory Upskill Program • Technical Report Preparation Workshop EiMAS CePSWaM	• 27 employee orientation sessions were held for FY2020

Our female employees (57%) participated in more hours of training programmes compared to male employees (43%) in FY2020. In terms of employment category, our executives underwent the most training hours (48%) compared to our management team (38%) and non-executives (14%). Year on year, the Group actively encourages the participation of our employees in training programmes that would further improve their skills and career value.





Remuneration and Employee Benefits

AYS is committed to offering competitive remuneration and benefits scheme to its employees, benchmarked periodically against market salary levels and employment benefits. The Group's remuneration and benefits' policies and practices have enabled recruitment of required talent for operations and business expansion while maintaining staff turnover rate at relatively low levels. In FY2020, our average monthly turnover rate is at 1.15% after averaging the turnover rate for all 12 months from April 2019 to March 2020. As compared to FY2019 of 2.31%, we record a decrease in staff turnover rate. We will strive to ensure staff turnover rate maintaining at relatively low level. Employee benefits are given to our full-time employees aimed at supporting the workforce through fair leave allocation and insurance coverage, among others. A full list of employee benefits is given below.

List of Employee Benefits			
Leave Entitlement	**Incentives**	**Insurance**	**Others**
• Annual • Medical • Hospitalisation • Marriage • Maternity & Paternity • Bereavement, calamity • Examination and study • Prolonged Illness	• Monthly Full Attendance • Shift and meal allowance • Annual Bonus	• Medical • Group Personal Accident (GPA) • Hospital & Surgical (H&S)	• Company Mobile Phone • Travel Allowance • Company Vehicles for Directors • Membership Subscriptions to Professional Associations • Monthly Sports & Recreational Activities

Performance Management and Employee Engagement

The Group encourages employees to have more communication with their superiors which includes but not limited to regular performance discussion, where on-going mentoring programmes are provided with subsequent follow-up to ensure that employees meet their objectives and career goals. AYS has in place a structured performance evaluation system incorporating target setting and performance assessment on annual basis with involvement of both the employee and his/her superiors, with processes in place for face-to-face interaction, feedback, performance review and career development review.

Employees are also able to provide feedback to the Group on areas of concern at the workplace through participation in survey to identify needs of staff, grievances, if any, and areas where improvement is required.

In addition to the above, we organised various employee engagement activities under AYS Sports Club, a committee who are elected once every two years to manage recreational and sports activities for the Group. Activities that we organised include the Badminton Tournament, Bowling Tournament, festival gathering, annual trip and more as part to improve on employee relations. During the year, we also organised the company dinner that is held on every three-year basis is a simple gesture to appreciate our employees for their hard work and effort for the company.

SUSTAINABLE ENVIRONMENT

We further embed sustainability practices to consider the impacts of our business operations on the surrounding environment. SHEC with the support of Safety Officer have identified every significant environmental aspect of our operations with detailed work instructions and standard operating procedure to manage specific activity. Table below tabulate our environmental efforts.

Environmental Efforts	
Air Quality Control	Control and monitor closely air emission at manufacturing site
Noise Control	Monitoring of boundary noise to ensure noise level not exceed the maximum Department of Environment ("DOE") permissible sound limit
Energy Control	Implement energy conservation initiatives
Water Control	Implement water conservation initiatives
Waste Control	Continuous monitoring on scheduled waste generation and disposal method
3R	Advocate 3R (reduce, reuse and recycle) as part of waste management protocol

Energy and Water

While our business operation does not contribute to energy-intensive and high-water consumption industry, we are committed to resource conservation; we continuously innovate the way we manage our energy and water consumption. We have formulated a list of energy and water conservation initiatives and communicated to all employee to adhere to these initiatives. We plan to implement a performance monitoring to ensure these initiatives are fully incorporated into our day-to-day operations.

Energy Conservation Initiatives:	Water Conservation Initiatives:
• Replace conventional lightbulbs with LED bulbs to reduce long term cost of electricity • Switch off electrical appliances when not in use • Switch off lights and air-conditioning system during lunch time • Place signage at strategic locations such as meeting room, toilet, corridor etc. to conserve electricity as well as turning off lights and air-conditioning system • Switch off air-conditioning system in the meeting rooms when the rooms are not occupied • Install factory roof with design that facilitates natural lighting to minimise use of light features	• Place signage at strategic location such as toilet, pantry and etc. to conserve water • Taps in the toilets and pantry should not be left running when not in use • Inspect toilets and pantry regularly to ensure no leakage pipes • Repair immediately any pipe leakage detected

In FY2020, we recorded a total electricity consumption of 1245756 kWh and total water consumption of 31159 cubic meter in various locations across our business operations. As compared to previous year record, we saw a marginal decrease for electricity consumption, which may be resulted from our energy conservation initiative. On the other hand, we saw an increase in water consumption as compared with previous year record. Nonetheless, we will strive harder to improve our water conservation initiatives and aim to reduce our water consumption in future. The table below presents our comparison of electricity consumption and water consumption in various locations.

Electricity Consumption (kWh)

Location	kWh	
	FY2020	FY2019
Headquarter	446230	439259
Bukit Raja	73855	59374
Jalan Kapar – Lot 3846	531304	551240
Jalan Kapar – Lot 3845	96751	111130
PKFZ	97616	105371
Total	1245756	1266374

Water Consumption (Cubic Metre)

Location	Cubic Metre	
	FY2020	FY2019
Headquarter	14524	10569
Bukit Raja	2075	2045
Jalan Kapar – Lot 3846	8609	7153
Jalan Kapar – Lot 3845	4572	4408
PKFZ	1379	939
Total	31159	25114

Moving forward, we will continue to be vigilant in our energy and water consumption as well as explore alternative opportunities for improving resource efficiency across all our operations. This will not only ensure environmental resource conservation but also incur economic savings through consumption reductions at both our headquarter as well as our manufacturing sites.

Waste Management

We practice the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable waste. With this, we managed to reduce considerable amount of waste being disposed to domestic waste collection by local council. To facilitate waste segregation, we provide several bin types for different recyclable waste comprising paper & cardboard, plastics, cans and glass at several locations. We collaborate with a local non-governmental organisation ("NGO") and contribute our reusable waste to them on a periodic basis.

In addition to the above, our business operations, throughout our manufacturing processes, also generate scheduled waste which is managed in accordance with the Environmental Quality (Scheduled Waste) Regulations, 2005. Scheduled waste generated is properly stored and labelled and disposed in every six months, or as and when it reaches a certain quantity. We only appoint contractors who are licensed by the DOE to collect and transport the scheduled waste for treatment prior to disposal.

In FY2019, we generated scheduled waste for SW 409 (disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes) and SW 410 (rags, plastics, papers or filters contaminated with scheduled wastes). As part of the Group's growth strategy, we have started the structural steel components production, and we have generated additional scheduled waste from the category of SW 417 (Waste of inks, paints, pigments, lacquer, dye or varnish). In total, we generated 1197.5kg for SW 409, 158kg for SW 410, and 1114kg for SW 417 in this financial year.

SUSTAINABLE SOCIETY

Giving back to society is at the core of our business values. The group is committed to strive for the betterment of the society through our contribution to the development and progress of the communities where we operate. We therefore consciously work towards making a difference, however small it may be, to the communities we operate in.

Local Community Programmes

The Group also has a small group of enthusiastic employees who undertakes various types of voluntary initiatives to undertake the community programmes.

This year, we continue to focus our efforts on recycling programmes as an initiative to encourage sustainable business practices. All our employees have been actively involved in weekly recycling programmes with an effort to reduce office waste and reuse existing products to emphasise the importance of recycling practices to the environment. On a periodic basis, the recyclable items are contributed to local NGO's recycling center to support the local community environmental protection initiatives. On 23 November 2019, AYS volunteers have organised a recycling event by visiting to Tzu Chi Foundation to participate the Recycle Day with the local community. From the recycling program, AYS able to learn and instil the 3R (reduce, reuse and recycle) as part of waste management protocol for the Group in our daily business operation.

In continuing our endorsement towards elevating local communities' socioeconomic level, the Group has collectively donated to various associations who organise educational programmes and provide household supplies and food.

Customer Engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. The Group understands that customer satisfaction and engagement are important material issues that have an impact on its reputation and brands. We have put in place customer satisfaction survey process that we conduct annually to improve and enhance the supply chain management. Our customer engagement methods inclusive of the following:

- Customer Satisfaction Survey
  Surveys are conducted annually to seek feedback to ensure that the products are meeting the needs and specifications of customers.

- Events and Activities
  We invite customers for our company events and also support customers for their events.

- Meeting
  Our sales & marketing team frequently interacts with customers to ensure that we keep abreast of the latest developments and market trends.

- After Sale Services
  Our team provides and shares technical knowledge on the products when required.

MOVING FORWARD

As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. Though we have taken the essential steps to integrate sustainable practices into the core of the Group's businesses, we recognise that we still have room for enhancement. We will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, learn from our past initiatives, contributions and activities, and seek to further embed sustainable practices within our businesses to improve our overall sustainability performance.

The outbreak of the COVID-19 pandemic has disrupted most of the economic sector, and also affected most of the social activities. Both World Health Organisation and Ministry of Health ("MOH") have emphasis on the "new normal" in dealing with this pandemic, we shall adapt to this new normal practise and instil into our business operations. Maintaining social distancing, practising personal hygiene, as well as practicing 3W (wash, wear, worn) and 3R (rutin, rehat, ruang kerja) recommend by MOH is our main focus in our business operation in combating this pandemic.

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no proceeds raised from corporate proposal.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to Grant Thornton Malaysia PLT for the services rendered for financial year ended 31 March 2020 is as follows:-

	Audit Fees	Non-Audit Fees
Company Level	RM18,000	RM177,725
Group Level	RM136,000	RM177,725

The non-audit fees incurred were for the report on the Statement of Risk Management and Internal Control (RM5,000) and the due diligence exercise prior to the acquisition of the 51% equity interest in Steelaris Pte. Ltd. (RM172,725).

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests for the financial year under review.

Financial Statements

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year	(9,123)	(1,117)
Attributable to:-		
Owners of the Company	(10,524)	(1,117)
Non-controlling interests	1,401	-
	(9,123)	(1,117)

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the last financial year, the Company declared and paid:-

	RM'000
Final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2019, paid on 18 October 2019	3,804

The Directors do not recommend any final dividend payment for the current financial year.

HOLDING COMPANY

The holding company is Chiew Ho Holding Sdn. Bhd., a company incorporated and domiciled in Malaysia.

DIRECTORS

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

Haji Mohd. Sharif Bin Haji Yusof
Oh Chiew Ho*
Oh Yung Sim*
Oh Pooi Foon*
Toh Tuan Sun
Seow Nyoke Yoong
Mohamad Fazlin Bin Mohamad
Dato' Wan Hashim Bin Wan Jusoh
Tay Kim Chuan* *(Resigned on 10 April 2020)*

* *Directors of the Company and certain subsidiaries*

DIRECTORS *cont'd*

The Directors of subsidiaries who held office during the financial year and up to the date of this report are as follows:-

Oh Yung Wooi
Ang Tee Seng
Oh Yung Kwan *(Appointed on 10 April 2020)*
Wong Kian Hwa *(Resigned on 30 June 2020)*

DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM'000	Incurred by the subsidiaries RM'000	Group RM'000
Directors fees	484	-	484
Directors salaries and other emoluments	45	4,187	4,232
Statutory contributions	-	782	782
Other benefits	-	111	111
	529	5,080	5,609

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at financial year end are as follows:-

	Number of ordinary shares			
	At 1 April 2019	Bought	Sold	At 31 March 2020
Direct interests				
Toh Tuan Sun	485,000	-	-	485,000
Indirect interests				
Oh Chiew Ho #	264,707,360	-	-	264,707,360
Interest in the holding company, Chiew Ho Holding Sdn. Bhd.				
Direct interests				
Oh Chiew Ho	51	-	-	51
Oh Yung Sim	10	-	-	10
Oh Pooi Foon	10	-	-	10

 # Deemed interest by virtue of his shareholdings in Chiew Ho Holding Sdn. Bhd. and Ann Yak Siong Group Sdn. Bhd., the shareholders of AYS Ventures Berhad.

By virtue of Oh Chiew Ho's substantial direct interests in the shares of the holding company, he is also deemed to have interests in the shares of the Company and all of its other related companies to the extent that the holding company has an interest under Section 8 of the Companies Act, 2016.

The other Directors did not hold any shares in the Company and its related corporations.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year.

There were no new issuance of debentures during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The insurance effected for indemnity given to the Directors and Officers of the Group and of the Company amounted to RM7,800.

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 provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision 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 their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts 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 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 the financial statements which would render any amount stated in the financial statements 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 year which secures the liability of any other person; or

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

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 38 to the Financial Statements.

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Grant Thornton Malaysia PLT (converted from a conventional partnership, Grant Thornton Malaysia on 1 January 2020), as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 31 March 2020 are disclosed in Note 28 to the financial statements.

The Company have agreed to indemnify the Auditors as permitted under Section 289 of the Companies Act, 2016 in Malaysia.

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

....
OH CHIEW HO
DIRECTOR

....
OH POOI FOON
DIRECTOR

Klang
10 July 2020

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 56 to 106 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 March 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

....	....
OH CHIEW HO	OH POOI FOON

Klang
10 July 2020

Statutory Declaration

I, Tay Yew Thiam, being the Officer primarily responsible for the financial management of AYS Ventures Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 56 to 106 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
10 July 2020) ....

TAY YEW THIAM
(MIA NO: 11391)
CHARTERED ACCOUNTANT

Before me:

Valliamah A/P Perian
No. W. 594

Commissioner for Oaths

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AYS Ventures Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of inventories *(Note 10 to the Financial Statements)* The inventories balance amounting to RM336,300,000 is significant to the Group. Inventories are measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of inventories based on an assessment of expected sales prices. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.	Our audit procedures in relation to the valuation of inventories included: • Testing the valuation of the inventories on a sample basis to ascertain that inventories are stated at the lower of cost and NRV. • Understanding and reviewing the management's assessment of NRV of the inventories and tested a sample of inventories to sales subsequent to the financial year end. • Examining the condition of selected inventories by attending physical inventories count at the reporting date. • Considering the adequacy of the Group's disclosure in respect of the inventory's valuation.
Impairment of goodwill on consolidation *(Note 9 to the Financial Statements)* The aggregate carrying value of the Group's goodwill amounting to RM6,039,000 as at 31 March 2020. We focused on this area due to the magnitude of the goodwill from the acquisition of the foreign subsidiary which are subject to annual impairment assessment. The impairment assessment performed by management involved significant degree of judgement in estimating the assumption on growth rate and discount rate used.	With respect to the appropriateness of the key assumptions used in the value in calculation, we performed the following procedures: • Assessed the reliability of management's forecast by comparing their forecasted results against past trends of actual results. • Checked that the growth rate did not exceed the growth rates for trading industry in which the cash generating unit's ("CGU") operate. • Checked that discount rate used by comparing the rate used to comparable industries and market in Singapore. • Checked sensitivity analysis performed by management on the discount rate and EBITDA to determine whether reasonable change on these key assumptions would result in the carrying amounts of individual CGU to exceed their recoverable amounts.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Report on the Audit of the Financial Statements *cont'd*

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise 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. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the 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 going concerns, disclosing, as applicable, matters related to going concerns and using the going concerns basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- 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.

Report on the Audit of the Financial Statements *cont'd*

Auditors' Responsibilities for the Audit of the Financial Statements cont'd

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: *cont'd*

- 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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the Financial Statements.

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

ANTONY LEONG WEE LOK
(NO: 03381/06/2022 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
10 July 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	101,503	106,410	-	-
Right of use assets	5	14,375	-	-	-
Investment properties	6	30,368	26,295	-	-
Investment in subsidiaries	7	-	-	160,100	160,100
Investment in an associate	8	-	-	-	-
Goodwill on consolidation	9	6,039	-	-	-
Total non-current assets		152,285	132,705	160,100	160,100
Current assets					
Inventories	10	336,300	328,791	-	-
Trade receivables	11	219,162	164,634	-	-
Other receivables	12	11,011	7,801	24	86
Amount due from subsidiaries	13	-	-	34,744	39,529
Derivative financial instruments	14	1,840	58	-	-
Tax recoverable		6,754	3,364	-	-
Fixed deposits with licensed banks	15	280	8,670	-	-
Cash and bank balances		35,308	9,352	14	46
Total current assets		610,655	522,670	34,782	39,661
Total assets		762,940	655,375	194,882	199,761
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	190,209	190,209	190,209	190,209
Capital reserve	17	3,595	3,595	-	-
Merger deficit	18	(153,190)	(153,190)	-	-
Revaluation reserves	19	20,196	20,196	-	-
Foreign exchange reserves	19	(11)	-	-	-
Retained earnings		197,725	212,737	4,395	9,316
		258,524	273,547	194,604	199,525
Non-controlling interests	7(c)	(4,188)	395	-	-
Total equity		254,336	273,942	194,604	199,525
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	6,734	5,821	-	-
Finance lease liabilities	21	-	714	-	-
Bank borrowings	22	21,151	102	-	-
Lease liabilities	23	12,774	-	-	-
Total non-current liabilities		40,659	6,637	-	-
Current liabilities					
Trade payables	24	118,000	54,295	-	-
Other payables	25	13,295	8,502	278	236
Finance lease liabilities	21	-	501	-	-
Bank borrowings	22	334,227	311,498	-	-
Lease liabilities	23	2,423	-	-	-
Total current liabilities		467,945	374,796	278	236
Total liabilities		508,604	381,433	278	236
Total equity and liabilities		762,940	655,375	194,882	199,761

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

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	26	768,212	599,347	-	9,500
Cost of sales		(706,448)	(528,447)	-	-
Gross profit		61,764	70,900	-	9,500
Other income		2,486	3,149	-	-
Selling and distribution expenses		(12,051)	(9,219)	-	-
Administration expenses		(31,704)	(25,843)	(1,114)	(767)
Other expenses		(12,529)	(6,487)	(3)	-
Finance income	27	920	1,099	-	-
Finance costs	27	(16,667)	(12,472)	-	-
(Loss)/Profit before tax	28	(7,781)	21,127	(1,117)	8,733
Tax expense	29	(1,342)	(5,381)	-	-
Net (loss)/profit for the financial year		(9,123)	15,746	(1,117)	8,733
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		(11)	-	-	-
Total comprehensive (loss)/income for the financial year		(9,134)	15,746	(1,117)	8,733
Net (loss)/profit for the financial year attributable to:-					
Owners of the Company		(10,524)	15,743	(1,117)	8,733
Non-controlling interests		1,401	3	-	-
		(9,123)	15,746	(1,117)	8,733
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(10,535)	15,743		
Non-controlling interests		1,401	3		
		(9,134)	15,746		
(Loss)/Earnings per share					
Basic (loss)/earnings per ordinary share attributable to owners of the Company (RM)	30	(0.03)	0.04		

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

	Attributable to Owners of The Company								
	Non-Distributable					Distributable			
	Share Capital RM'000	Capital Reserves RM'000	Merger Deficit RM'000	Foreign Exchange Reserves RM'000	Revaluation Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group									
Balance at 1 April 2018	190,209	3,595	(153,190)	-	20,196	200,798	261,608	792	262,400
Net profit/Total comprehensive income for the financial year	-	-	-	-	-	15,743	15,743	3	15,746
Transaction with owners:									
Dividend to owners of the Company (Note 34)	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(400)	(400)
Balance at 31 March 2019	190,209	3,595	(153,190)	-	20,196	212,737	273,547	395	273,942
Effect of adoption of MFRS 16	-	-	-	-	-	(684)	(684)	-	(684)
Balance at 1 April 2019, restated	190,209	3,595	(153,190)	-	20,196	212,053	272,863	395	273,258
Foreign currency translation differences for foreign operation	-	-	-	(11)	-	-	(11)	-	(11)
Net loss for the financial year	-	-	-	-	-	(10,524)	(10,524)	1,401	(9,123)
Total comprehensive loss for the financial year	-	-	-	(11)	-	(10,524)	(10,535)	1,401	(9,134)
Transaction with owners:									
Dividend to owners of the Company (Note 34)	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)
Acquisition of a subsidiary	-	-	-	-	-	-	-	(5,804)	(5,804)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(180)	(180)
Balance at 31 March 2020	190,209	3,595	(153,190)	(11)	20,196	197,725	258,524	(4,188)	254,336
Company									
Balance at 1 April 2018	190,209	-	-	-	-	4,387	194,596	-	194,596
Net profit/Total comprehensive income for the financial year	-	-	-	-	-	8,733	8,733	-	8,733
Transaction with owners:									
Dividend to owners of the Company (Note 34)	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)
Balance at 31 March 2019	190,209	-	-	-	-	9,316	199,525	-	199,525
Net loss/Total comprehensive loss for the financial year	-	-	-	-	-	(1,117)	(1,117)	-	(1,117)
Transaction with owners:									
Dividend to owners of the Company (Note 34)	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)
Balance at 31 March 2020	190,209	-	-	-	-	4,395	194,604	-	194,604

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

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(7,781)	21,127	(1,117)	8,733
Adjustments for:-					
Depreciation of property, plant and equipment		4,182	4,803	-	-
Depreciation of right of use assets		1,983	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		15	(167)	-	-
Property, plant and equipment written off		166	13	-	-
Impairment loss on property, plant and equipment		130	-	-	-
Loss on disposal of investment properties		-	1	-	-
Loss/(Gain) on fair value adjustments on investment properties		928	(83)	-	-
Inventories written down		180	19	-	-
Impairment loss on trade receivables		1,901	155	-	-
Bad debts written off		-	963	-	-
Bad debts recovered		-	(68)	-	-
Impairment loss on trade receivables no longer required		(36)	(1,474)	-	-
Interest expense		17,148	12,472	-	-
Interest income		(920)	(1,099)	-	-
Unrealised loss/(gain) on foreign exchange		10	(113)	-	-
Dividends income		-	-	-	(9,500)
Operating profit/(loss) before working capital changes		17,906	36,549	(1,117)	(767)
Changes in working capital:-					
Inventories		32,681	(111,070)	-	-
Receivables		921	(12,817)	(62)	(65)
Payables		(39,164)	9,784	(42)	(65)
Cash from/(used in) operations		12,344	(77,554)	(1,013)	(897)
Tax paid		(5,833)	(8,506)	-	-
Tax refund		2,013	638	-	-
Interest paid		(17,148)	(12,472)	-	-
Interest received		920	1,099	-	-
Dividends received		-	-	-	9,500
Net cash (used in)/from operating activities		(7,704)	(96,795)	(1,013)	8,603
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(611)	(2,400)	-	-
Purchase of right of use assets	B	(15)	-	-	-
Purchase of investment properties		(5,001)	(1,815)	-	-
Net cash inflow on acquisition of subsidiary	7(b)	2,897	-	-	-
Proceeds from disposal of property, plant and equipment		133	419	-	-
Proceeds from disposal of investment properties		-	89	-	-
Withdrawal of fixed deposits with licensed banks		20,800	1,137	-	-
Placement of fixed deposits		(20,800)	-	-	-
Net cash used in investing activities		(2,597)	(2,570)	-	-

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	4,785	(4,789)
Dividends paid		(3,804)	(3,804)	(3,804)	(3,805)
Dividends paid to non-controlling interest		(180)	(400)	-	-
Payment of principal portion of lease liability		(1,886)	-	-	-
Net (repayment)/drawndown from bankers' acceptance /trust receipts		(12,148)	93,697	-	-
Net drawndown from onshore foreign currency loan		12,847	-	-	-
Drawndown from revolving credit		30,298	-	-	-
Repayment of finance lease liabilities		-	(342)	-	-
Repayment of term loan		(616)	(575)	-	-
Net cash from/(used in) financing activities		24,511	88,576	981	(8,594)
CASH AND CASH EQUIVALENTS					
Net changes		14,210	(10,789)	(32)	9
At beginning of financial year		18,022	28,630	46	37
Effect on foreign exchange differences		75	181	-	-
At end of financial year	C	32,307	18,022	14	46

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with aggregate costs of RM611,000 (2019: RM2,796,000) of which RMNil (2019: RM398,000) were acquired by means of finance lease arrangements. Cash payments of RM611,000 (2019: RM2,400,000) were made to purchase the property, plant and equipment.

B. PURCHASE OF RIGHT OF USE ASSET

During the financial year, the Group acquired right of use assets with aggregate costs of RM778,000 of which RM763,000 were acquired by means of lease agreements. Cash payments of RM15,000 were made to purchase the right of use asset.

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following amounts:-

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances	35,308	9,352	14	46
Fixed deposits with licensed banks	280	8,670	-	-
Bank overdrafts	(3,281)	-	-	-
	32,307	18,022	14	46

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

1. **GENERAL INFORMATION**

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

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan and the principal place of business of the Company is located at Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

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

The holding company is Chiew Ho Holding Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 10 July 2020.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

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

2.2 **Basis of Measurement**

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for properties that are measured at fair values at the end of each reporting year as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

2.3 **Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest thousand (RM'000) except when otherwise stated.

2. **BASIS OF PREPARATION** *cont'd*

2.4 **Malaysian Financial Reporting Standard ("MFRS")**

2.4.1 **Adoption of New Standards/Amendments/Improvements to MFRS**

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the current financial year beginning on or after 1 April 2019.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for:-

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

The effect of adoption MFRS 16 as at 1 April 2019 is, as follows:-

	Impact of change in accounting policy		
	31 March 2019	MFRS 16 Adjustments	1 April 2019
	RM'000	RM'000	RM'000
Group			
Non-current assets			
Property, plant and equipment	106,410	(1,164)	105,246
Right of use assets	-	13,159	13,159
Total adjustment on equity			
Retained earnings	212,737	(684)	212,053
Non-current liabilities			
Lease liabilities	-	13,045	13,045
Finance lease payables	714	(714)	-
Current liabilities			
Lease liabilities	-	850	850
Finance lease payables	501	(501)	-

2. **BASIS OF PREPARATION** *cont'd*

2.4 **Malaysian Financial Reporting Standard ("MFRS")** *cont'd*

2.4.1 **Adoption of New Standards/Amendments/Improvements to MFRS** *cont'd*

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for:- *cont'd*

MFRS 16 Leases *cont'd*

The lease liabilities are measured at present value of the lease payments that are not paid at 1 April 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications if any.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Group	RM'000
Operating lease commitments as at 31 March 2019	20,926
Weighted average incremental borrowing rate as at 1 April 2019	4.38%
Discounted operating lease commitment as at 1 April 2019	12,680
Add:	
Commitments relating to leases previously classified as finance leases	1,215
Lease liabilities recognised as at 1 April 2019	13,895

The Group has lease contracts for leasing of warehouse, forklift, office building, hostel and motor vehicles. Before the adoption of MFRS 16, the Group and the Company classified each of its leases (as lessee) at the inception date as operating leases. Accordingly, the comparative information presented for financial period ended 31 March 2019 are restated – i.e. it is presented, as previously reported under MFRS 117 Leases and related interpretations.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3.10 Leases for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

Leases previously classified as finance lease

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right of use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Group's leasehold land and motor vehicle which in substance were a finance lease previously classified as property, plant and equipment meets the definition of rights of use asset separately. Instead, they are included in the same item when the corresponding underlying assets would be presented if they were owned.

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application

2. **BASIS OF PREPARATION** *cont'd*

2.5 **Standard Issued But Not Yet Effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

MFRS 17	Insurance Contracts
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 3	Definition of a business
	Reference to the Conceptual Framework
Amendments to MFRS 101	Definition of material
and MFRS 108	Classification of Liabilities as Current or Non-current
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS16	Covid-19 - Related Rent Concessions
Amendments to MFRS116	Property, Plant and Equipment - Proceeds before Intended Use

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group and of the Company in future periods.

2.6 **Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

2.6.1 **Estimation Uncertainty**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

<u>Revaluation of Property, Plant and Equipment</u>

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent professional valuer to estimate the fair value.

The carrying amounts of the land and buildings at the end of the reporting year and the relevant revaluation basis are disclosed in Note 4 to the Financial Statements.

<u>Revaluation of Investment Properties</u>

The Group measures its investment properties at fair value with changes in fair value being recognised in profit or loss. The Group engages independent professional valuer to estimate the fair value.

The carrying amounts of the investment properties at the end of the reporting year and the relevant revaluation basis are disclosed in Note 6 to the Financial Statements.

<u>Useful Lives of Depreciable Assets</u>

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 March 2020, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, resulting in the adjustment to the Group's assets.

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Group's net profit for the financial year.

The carrying amounts of the Groups' property, plant and equipment at the end of the reporting year are disclosed in Note 4 to the Financial Statements.

<u>Inventories</u>

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core businesses are subject to economical and technology changes which may cause selling prices to change rapidly and the Group's net profit to change.

The carrying amounts of the Group's inventories at the reporting date are disclosed in Note 10 to the Financial Statements.

2. **BASIS OF PREPARATION** *cont'd*

2.6 **Significant Accounting Estimates and Judgements** *cont'd*

2.6.1 **Estimation Uncertainty** *cont'd*

Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustments to market risk and the appropriate adjustments to asset-specific risk factors.

Provision for Expected Credit Losses ("ECLs") of Trade Receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as customer type and rating and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the trading and manufacturing sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Income Taxes

Significant judgement is involved in determining the Group-wide and Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Leases - Estimating The Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in as similar economic environment. The IBR therefore reflects when the Group 'would have to pay', which requires estimation when no observable rates are available or when the observable rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of Goodwill

Impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual result may vary, and may cause significant adjustments to the Group's assets within the next financial period.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 9 to the financial statements.

2. **BASIS OF PREPARATION** *cont'd*

2.6 **Significant Accounting Estimates and Judgements** *cont'd*

2.6.2 **Significant Management Judgement**

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effects on the financial statements:-

Classification Between Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under finance lease), the Group accounts for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements.

3.1 **Consolidation**

3.1.1 **Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Company considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 **Basis of Consolidation**

The Group's financial statements consolidate the audited financial statements of the Company and its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting year.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.1 **Consolidation** *cont'd*

3.1.2 **Basis of Consolidation** *cont'd*

Merger Method

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been affected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves. This is not applicable to AYS (FZ) Sdn. Bhd. and Steelaris Pte. Ltd. which were accounted for under the acquisition method.

Acquisition Method

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquire. For each business combination, the Group elects whether it measures the non-controlling interest in the acquire at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administration expenses.

3.1.3 **Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.1 **Consolidation** *cont'd*

3.1.4 **Loss of Control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 **Non-controlling Interests**

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interests even if that results in a deficit balance.

3.1.6 **Associates**

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, investment in an associate is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statements of change in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The financial statements of the associate is prepared as of the same reporting year as of the Group. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the amount in the "share of profit of investment accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or losses arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gains or losses would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceed and its carrying amount is included in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.2 Property, Plant and Equipment

Property, plant and equipment except for land and buildings are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are stated at revalued amount, which is the fair value at the date of revaluation less accumulated depreciation and impairment losses, if any. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date.

At the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserves' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus recognised in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

All other property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such cost as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Freehold land and capital work-in-progress are not depreciated, other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Buildings	2% - 4%
Machinery and equipment	10% - 20%
Motor vehicles and others	10% - 20%

Restoration cost relating to an item of the property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss in the financial year in which such asset is derecognised.

3.3 Investment Properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditure that directly attributable to the acquisition of the investment properties, the cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to working condition for its intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair values and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by independent professional valuers with sufficient experience with respect to both the location and the nature of the investment properties and supported by market evidence.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.3 **Investment Properties** *cont'd*

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

3.4 **Inventories**

Inventories are valued at the lower of cost and net realisable value with weighted average cost being the main basis.

Cost of raw materials comprises the cost of purchase plus the incidental cost of bringing the inventories to their present location and condition whereas the cost of goods in transit comprise only the cost of purchase.

Cost of work-in-progress and finished goods include raw materials, direct labours and appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

3.5 **Financial Instruments**

3.5.1 **Financial Assets**

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.5 **Financial Instruments** *cont'd*

3.5.1 **Financial Assets** *cont'd*

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial Assets at Amortised Cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost includes amount due from subsidiaries, trade and most other receivables.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.5 **Financial Instruments** *cont'd*

3.5.1 **Financial Assets** *cont'd*

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.5.2 **Financial Liabilities**

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss. This category generally applies to interest-bearing loans and borrowings. The Group's and the Company's financial liabilities of amortised cost includes bank borrowings, trade and most other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.5 **Financial Instruments** *cont'd*

3.5.3 **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5.4 **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 in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measures at fair value. Subsequently, they are measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

3.6 **Impairment of Non-financial Assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for such asset in prior years.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.7 **Derivative Financial Instruments and Hedging Activities**

Derivative financial instruments are accounted for at fair value through profit and loss ("FVTPL") except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

3.8 **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, bank balances and short term demand deposits which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents are restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

3.9 **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.10 **Leases**

As described in Note 2.4, the Group has applied MFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under MFRS 17 and IC Interpretation 4.

Accounting Policy Applicable From 1 April 2019

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Group as Lessee</u>

The Group as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognise lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

3.10.1 **Right of use Assets**

The Group recognise right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Hostel	1 to 2 years
Office building	3 years
Warehouse	29 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment.

3.10.2 **Lease Liabilities**

At the commencement date of the lease, the Group recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.10 **Leases** *cont'd*

Accounting Policy Applicable From 1 April 2019 *cont'd*

Group as Lessee *cont'd*

3.10.3 **Short-term Leases and Leases of Low-value Assets**

The Group apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as Lessor

The accounting policy under MFRS 16 has not changed from the previous accounting policy under MFRS 117 for lessor accounting.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting Policy Applicable Until 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Group as Lessee

A lease is classified at the inception date as a finance lease or an operating lease, A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased assets is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.11 **Borrowing Costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.12 **Equity Instrument**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current and prior years' retained profits.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve.

Dividends on redeemable preference shares are recognised as a liability and expressed on an accrual basis. Other dividends are accounted for in shareholder's equity as an appropriation of retained earnings and recognised as a liability in the period in which they are declared.

All transactions with the owners of the Company are recorded separately within equity.

The revaluation reserves within equity comprise gains arising from the revaluation of land and buildings.

3.13 **Foreign Currency Translation**

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.13.1 **Foreign Currency Transactions and Balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.13.2 **Foreign Operations**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.14 Revenue and Other Income

3.14.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

The Group is primarily engaged in the trading and manufacturing of engineering steel products and building materials. Revenue of the Group is recognised at a point in time when it transfers control of the products to the customers.

3.14.2 Interest Income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.14.3 Rental Income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3.14.4 Dividend Income

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

3.15 Employees Benefits

3.15.1 Short term Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by the employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

3.15.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employees services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.16 Tax Expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.16.1 Current Tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting year and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.16.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, except for land and buildings carried at revalued amounts and investment properties carried at fair value. Where land and buildings carried at their revalued amounts and investment properties carried at their fair values in accordance with the accounting policy set out in Note 3.2 and Note 3.3 to the Financial Statements respectively, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:-

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

The Malaysia Government has zero rated the GST effective from 1 June 2018. This means the GST rate on supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sale tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.18 Sales and Services Tax

Expenses and assets are recognised net of the amount of sales and services tax, except:-

- When the sales and services tax incurred in a purchase of assets or services are not recoverable from the tax authority, in which case, the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expenses item, as applicable

- When receivables and payables are stated with the amount of sales and services tax included

The net amount of sales and services tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

3.19 Operating Segments

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

3.20 (Loss)/Earnings Per Share

The Group present basis and diluted (loss)/earnings per share ("(LPS)/EPS") data for its ordinary shares.

Basic (LPS)/EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted (LPS)/EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares during the period.

3.21 Related Parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group and the Company if that person:-

(i) has control or joint control over the Group and the Company;
(ii) has significant influence over the Group and the Company; or
(iii) is a member of the key management personnel of the parent of the Group and of the Company, or the Group.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

(i) the entity and the Group and the Company are members of the same group;
(ii) one entity is an associate or joint venture of the other entity;
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefits of employees of either the Group and the Company or an entity related to the Group and the Company;
(vi) the entity is controlled or jointly-controlled by a person identified in (a) above;
(vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity or of the parent of the entity; or
(viii) the entity, or any member of a company of which it is a part, provides key management personnel services to the parent of the Group and of the Company or the Group.

4. **PROPERTY, PLANT AND EQUIPMENT**

	At Valuation	At Cost			
Group	Land and Buildings RM'000	Machinery and Equipment RM'000	Motor Vehicles and Others RM'000	Capital Work-in-Progress RM'000	Total RM'000
Cost or valuation					
At 1 April 2018	92,040	25,258	13,301	1,603	132,202
Additions	-	516	2,280	-	2,796
Disposals	-	(1,309)	(1,309)	-	(2,618)
Written off	-	(25)	(87)	-	(112)
Reclassification	1,603	822	(822)	(1,603)	-
At 31 March 2019	93,643	25,262	13,363	-	132,268
Effect of adoption of MFRS 16	-	-	(1,661)	-	(1,661)
At 1 April 2019, as restated	93,643	25,262	11,702	-	130,607
Additions	-	303	308	-	611
Additions through acquisition of subsidiary	-	-	680	-	680
Disposals	-	-	(388)	-	(388)
Written off	(165)	(2)	(76)	-	(243)
Reclassification	-	39	(39)	-	-
Translation differences	-	-	2	-	2
At 31 March 2020	93,478	25,602	12,189	-	131,269
Accumulated depreciation					
At 1 April 2018	58	12,704	8,876	-	21,638
Charge for the financial year	1,031	2,217	1,555	-	4,803
Disposals	-	(1,268)	(1,098)	-	(2,366)
Written off	-	(17)	(82)	-	(99)
At 31 March 2019	1,089	13,636	9,251	-	23,976
Effect of adoption of MFRS 16	-	-	(497)	-	(497)
At 1 April 2019, as restated	1,089	13,636	8,754	-	23,479
Charge for the financial year	1,019	2,037	1,126	-	4,182
Additions through acquisition of subsidiary	-	-	409	-	409
Disposals	-	-	(240)	-	(240)
Written off	-	(1)	(76)	-	(77)
Reclassification	-	(11)	11	-	-
Translation differences	-	-	1	-	1
At 31 March 2020	2,108	15,661	9,985	-	27,754
Accumulated impairment					
At 1 April 2018/31 March 2019	1,882	-	-	-	1,882
Impairment recognised for the financial year	-	-	130	-	130
At 31 March 2020	1,882	-	130	-	2,012
Net carrying amount					
At 31 March 2020	89,488	9,941	2,074	-	101,503
At 31 March 2019	90,672	11,626	4,112	-	106,410

4. **PROPERTY, PLANT AND EQUIPMENT** *cont'd*

(a) Impairment losses are recognised in respect of property, plant and equipment are attributable to the assets' carrying amount greater than anticipated wear and tear. Those assets have been impaired in full.

(b) The net carrying amount of property, plant and equipment which are under finance lease arrangements are as follows:-

	Group	
	2020 RM'000	2019 RM'000
Motor vehicles	-	1,039
Machinery and equipment	-	100

(c) Revaluation of land and buildings

The Group's land and buildings are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any.

Land and buildings were revalued in the financial year 2018 by First Pacific Valuers Property Consultants Sdn. Bhd., an independent professional valuer.

The sales comparison method was adopted in arriving at the market value of the land and buildings. In estimating the fair value of the properties, the highest and the best use of the properties is their current use. There have been no changes to the valuation technique during the year.

The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown as "revaluation reserves" under the equity.

Land and buildings at valuation are categorised as Level 2 fair values.

Level 2 fair values

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Had the land and buildings of the Group been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM47,639,010 (2019: RM49,575,063).

5. **RIGHT OF USE ASSETS**

Group	Hostel RM'000	Office building RM'000	Warehouse RM'000	Motor Vehicles RM'000	Total RM'000
Cost					
Effect of adoption MFRS16/ At 1 April 2019, restated	35	483	11,477	1,661	13,656
Additions	126	497	-	155	778
Additions through acquisition of subsidiary	-	2,532	-	145	2,677
Translation differences	-	7	-	-	7
At 31 March 2020	161	3,519	11,477	1,961	17,118
Accumulated depreciation					
Effect of adoption MFRS16/ At 1 April 2019, restated	-	-	-	497	497
Charge for the financial year	82	1,068	441	392	1,983
Additions through acquisition of subsidiary	-	163	-	101	264
Translation differences	-	(1)	-	-	(1)
At 31 March 2020	82	1,230	441	990	2,743
Net carrying amount					
At 31 March 2020	79	2,289	11,036	971	14,375

The Group leases its office space, hostel and warehouse. The lease of office space, hostel and warehouse typical run for a period of 1 year to 29 years.

Significant judgements and assumption in relation to leases

The Group judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rate before using significant judgement to determine the adjustment required to reflect the term, security, value or economic environment of the respective leases.

6. INVESTMENT PROPERTIES

Group	At fair value Land and buildings RM'000	At cost Capital work-in-progress RM'000	Total RM'000
At 1 April 2018	17,385	7,102	24,487
Change in fair value recognised in profit or loss	83	-	83
Additions	-	1,815	1,815
Disposal	(90)	-	(90)
Reclassifications	8,917	(8,917)	-
At 31 March 2019	26,295	-	26,295
Change in fair value recognised in profit or loss	(928)	-	(928)
Additions	5,001	-	5,001
At 31 March 2020	30,368	-	30,368

	Group 2020 RM'000	Group 2019 RM'000
Rental income	(248)	(94)
Direct operating expenses:-		
- Income generating investment properties	153	66
- Non-income generating investment properties	104	25

(a) Fair value basis of investment properties

The Group applies fair value model in measuring its land and buildings. Land and buildings of the Company were revalued in financial year 2020 by Savills (Malaysia) Sdn. Bhd., an independent professional valuer.

The sale comparison method was adopted in arriving at the market value of the land and buildings. In estimating the fair values of the properties, the highest and the best use of the properties is their current use. There have been no changes to the valuation technique during the year.

(b) The land and buildings at valuation are categorised at Level 2 fair values.

Level 2 fair values

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The title deed of buildings of the Group with fair value of RM2,705,000 (2019: RM8,340,000) are yet to be issued by the relevant authorities.

7. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares at cost	160,100	160,100

Details of the subsidiaries are as follows:-

	Place of incorporation and business	Effective Interest (%) 2020	Effective Interest (%) 2019	Principal activity
Subsidiaries				
Ann Yak Siong Hardware Sdn. Bhd.*	Malaysia	100	100	Trading and marketing of steel products
AYS (FZ) Sdn. Bhd.*	Malaysia	100	100	Warehousing and storage services
AYS Capital Sdn. Bhd.*	Malaysia	100	-	Investment holding
Indirect Subsidiaries				
AYS Marketing Sdn. Bhd.*	Malaysia	100	100	Trading in all types of construction materials and steel products
AYS Metal Products & Engineering Sdn. Bhd.*	Malaysia	100	99	Manufacturing and trading of panels and components for sectional tanks
AYS Wire Products Sdn. Bhd.*	Malaysia	90	90	Manufacturing and trading of wire and steel products
CH Yodoform Sdn. Bhd.*	Malaysia	100	100	Manufacturing and trading of purlin and other steel products
AYS Capital Sdn. Bhd. *	Malaysia	-	100	Dormant
AYS Metal Trading Sdn. Bhd.*	Malaysia	99	99	Dormant
CH Yodoform Trading Sdn. Bhd.*	Malaysia	100	100	Dormant
Steelaris Pte. Ltd. ("Steelaris") +	Singapore	51	-	Trading of steel products

** Audited by Grant Thornton Malaysia PLT.*
+ Audited by firm other than Grant Thornton Malaysia PLT.

(a) Internal reorganisation

On 9 May 2019, an internal reorganisation exercise has been undertaken involving the acquisition by the Company of 240,002 ordinary shares representing the entire share capital of AYS Capital Sdn Bhd ("AYSC") for a total cash consideration of RM1.00 from the Company's wholly-owned subsidiary, Ann Yak Siong Hardware Sdn. Bhd. ("Internal Reorganisation"). AYSC is now direct subsidiary of the Company after the Internal Reorganisation.

(b) Acquisition of a subsidiary

On 9 May 2019, AYSC entered into a conditional sale and purchase agreement with certain shareholders of Steelaris Pte. Ltd. ("Steelaris"), being Chua Ley Hong (Cai Lihong), Chua Ley Suang (Cai Lishuang), Ang Tee Seng, Ang Yu Xin Aileen, Handi Saswita, Yee Yeow Cheong (Yu Yaochang), for the acquisition of 3,570,000 ordinary shares representing 51% of the total issued share capital of Steelaris for a total cash consideration of SGD1.00 (equivalent to approximately RM3.10).

On 23 July 2019, the acquisition was completed pursuant to the sales and purchase agreement. Steelaris effectively becomes a 51% subsidiary of AYSC.

7. **INVESTMENT IN SUBSIDIARIES** *cont'd*

Details of the subsidiaries are as follows:- *cont'd*

(b) Acquisition of a subsidiary *cont'd*

Consideration, assets recognised and liabilities assumed

The following summaries the major classes of consideration, and the recognised amounts of assets acquired and liabilities assumed at acquisition date:-

	2020 RM'000
Fair value of consideration	
Cash consideration	*
Fair value of identifiable asset acquired and liabilities assumed	
Property, plant and equipment	271
Right of use assets	2,413
Inventories	40,372
Trade and other receivables	60,421
Cash and bank balances	2,897
Trade and other payables	(105,501)
Borrowings	(10,299)
Lease liabilities	(2,417)
Total identifiable liabilities	(11,843)
Net cash inflow arising from acquisition of subsidiary	
Purchase consideration settled in cash	*
Cash and cash equivalent acquired	2,897
Net cash inflow arising on acquisition	2,897
Goodwill arising from business combination	
Goodwill was recognised as a results of the acquisition as follows:-	
Fair value of consideration	*
Fair value of identifiable assets acquired and liabilities assumed	(11,843)
Non-controlling interest, based on their proportionate interest in the recognised amount of the asset and liabilities of the acquiree	5,804
Goodwill on consolidation	(6,039)

* Less than RM1,000

Acquisition-related costs

The Group incurred acquisition-related costs of RM360,000 related to external legal fees and due diligence costs. The expenses have been included in other operating expenses in the profit or loss.

Impact of the acquisition on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary has contributed RM181,473,000 and RM2,863,000 to the Group's revenue and profit for the year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss for the year would have been RM805,956,000 and RM9,789,000 respectively.

7. **INVESTMENT IN SUBSIDIARIES** *cont'd*

Details of the subsidiaries are as follows:- *cont'd*

(c) Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiary that has material NCI is as follows:-

	Steelaris RM'000	Other subsidiary with immaterial NCI RM'000	Total RM'000
2020			
Effective interest equity (%)	51%	-	
Carrying amount of NCI	(4,401)	213	(4,188)
Profit/(Loss) allocated to NCI	1,403	(2)	1,401
2019			
Effective interest equity (%)	-	-	
Carrying amount of NCI	-	395	395
Profit allocated to NCI	-	3	3

The summary of financial information before intra-group elimination for the Group's subsidiary that has material NCI is as below:

	Steelaris 2020 RM'000
Financial position as at 31 March	
Non-current assets	2,439
Current assets	152,641
Non-current liabilities	(547)
Current liabilities	(163,522)
Net liabilities	(8,989)
Summary of financial performance for the financial year ended 31 March	
Revenue	181,473
Profit for the financial year/Total comprehensive income for the financial year	2,863
Summary of cash flows for the financial year ended 31 March	
Net cash inflow from operating activities	18,902
Net cash inflow from investing activities	15
Net cash outflow from financing activities	(6,754)

In year 2019, the NCI is not material to the Group. Therefore the summarised financial information is not presented.

(d) Voluntary winding-up of AYS Wire Products Sdn. Bhd.

On 13 March 2020, AYS Wire Products Sdn. Bhd. ("AYSW"), a 90% owned subsidiary of Ann Yak Siong Hardware Sdn. Bhd., that is wholly-owned by the Company has commenced member's voluntary winding up pursuant to Section 439(1) of the Companies Act, 2016 ("Winding Up"). In relation thereto, Mr. Lai Yok Foong has on the same date been appointed as the liquidator for AYSW.

As at the date of report, the process is still on-going.

8. INVESTMENT IN AN ASSOCIATE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At cost				
Unquoted shares in Malaysia	450	450	450	450
Impairment loss	(450)	(450)	(450)	(450)
	-	-	-	-

Details of the associate which is incorporated in Malaysia is as follows:-

Name of Company	Place of incorporation and business	Effective Interest (%) 2020	Effective Interest (%) 2019	Principal activity
AOK Engineering Services Sdn. Bhd.	Malaysia	45	45	Engineering design and drawings

The associate is audited by Grant Thornton Malaysia PLT.

None of the Group's associate is material to the Group. Therefore, the summarised financial information is not presented.

Impairment loss was recognised for the investment in an associate due to irrecoverable cost of investment.

The Group has not recognised full losses relating to AOK Engineering Services Sdn. Bhd. where its share losses exceed the Group's interest. As at the end of the reporting year, the Group's share unrecognised losses for the financial year ended 31 March 2020 is RM160,539 (2019: RM184,737). The Group has no obligation in respect of these losses.

The associate has no contingent liability and capital commitment to which the Group is exposed nor the Group has any contingent liability and capital commitment in relation to its interest in the associate.

9. GOODWILL ON CONSOLIDATION

	Group 2020 RM'000
Cost	
At 1 April 2019	-
Additions	6,039
At 31 March 2020	6,039

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash generating units are determined using the value-in-use approach and this is derived from the present value of future cash flows from the operating segments computed based on projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in determination of the recoverable amounts are as follows:-

	Growth Rate 2020 %	Discount Rate 2020 %
Steelaris	5.00	9.32

(i) Budgeted growth rate	The budgeted growth rate is determined based on the industry trends and past performance of the segments.
(ii) Discount rate	The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

The management believes that any reasonable possible change in the above key assumptions applied are not likely to materially caused recoverable amount to be lower than its carrying amount.

10. INVENTORIES

	Group 2020 RM'000	Group 2019 RM'000
At carrying amount:-		
Raw materials	4,879	5,860
Work-in-progress	3,171	3,944
Finished goods	314,137	289,485
Goods in transit	14,113	29,502
	336,300	328,791
Recognised in profit or loss:-		
Inventories recognised as cost of sales	641,469	490,884
Inventories written down	180	19

11. TRADE RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000
Trade receivables	225,512	169,461
Less: Allowance for expected credit loss		
At beginning of financial year	(4,827)	(6,146)
Additions through acquisition of subsidiary	(3,129)	-
Recognised	(1,901)	(155)
Reversed	36	1,474
Written off	3,468	-
Translation differences	3	-
At end of financial year	(6,350)	(4,827)
	219,162	164,634

Trade receivables are generally on 0 to 150 (2019: 30 to 120) days term.

The reversal made was due to payments received from customers during the financial year.

12. OTHER RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-trade receivables	6,514	1,947	-	-
GST receivable	544	1,640	-	-
Deposits	687	417	5	5
Prepayments	3,266	3,797	19	81
	11,011	7,801	24	86

Included in non-trade receivables is an amount of RM2,671,000 subject to interest at 8% per annum, secured by personal guarantee and repayable on demand.

13. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries is non-trade in nature unsecured, interest free and repayable on demand.

14. **DERIVATIVE FINANCIAL INSTRUMENTS**

	Group			
	2020		2019	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Forward currency contracts	120,043	(1,840)	20,737	(58)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

15. **FIXED DEPOSITS WITH LICENSED BANKS**

The interest rates of fixed deposits with licensed banks range from 2.10% to 3.20% (2019: 2.75% to 3.60%) per annum with maturity dates of 3 days to 14 days (2019: 3 days to 12 months).

16. **SHARE CAPITAL**

	Group and Company	
	2020 RM'000	2019 RM'000
Issued and fully paid:-		
380,417,656 ordinary shares	190,209	190,209

17. **CAPITAL RESERVES**

Capital reserve relates to the bonus share issued by subsidiaries.

18. **MERGER DEFICIT**

The merger deficit arose from the acquisition of Ann Yak Siong Hardware Sdn. Bhd. by share exchange in the financial year ended 2013 as follows:-

	Group RM'000
Shares issued by the Company	160,000
Less: share capital of subsidiaries acquired	(6,810)
	153,190

As the Company acquired its subsidiaries by means of a share exchange, resulting in a business combination involving entities under common control and where no acquirer is identified, the merger method of consolidation had been used. Therefore, the difference between the purchase consideration and the carrying value of the share capital acquired is adjusted to equity.

19. **REVALUATION RESERVES AND FOREIGN EXCHANGE RESERVES**

Revaluation reserves relate to the revaluation gain on land and buildings.

Foreign exchange reserve comprises all foreign currency differences arising from the translation of the financial statement of foreign operation.

20. DEFERRED TAX LIABILITIES

	Group 2020 RM'000	Group 2019 RM'000
At 1 April	5,821	5,764
Recognised in profit or loss (Note 29)	913	57
At 31 March	6,734	5,821

The balances in the deferred tax liabilities are made up of tax effects on temporary differences arising from:-

	Group 2020 RM'000	Group 2019 RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,061	1,247
Revaluation of investment properties	1,348	563
Revaluation of land and buildings	5,627	4,185
Impairment loss on trade receivables	(140)	(174)
Unutilised business loss	(1,026)	-
Unutilised capital allowance	(136)	-
	6,734	5,821

Deferred tax assets (at gross) have not been recognised in respect of the following temporary differences due to uncertainty of the recoverability:-

	Group 2020 RM'000	Group 2019 RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(3,744)	(3,321)
Revaluation of investment properties	(19)	(41)
Trade receivables	151	-
Right of use assets	(494)	-
Lease liabilities	506	-
Others	1,510	1,231
Unutilised business losses	30,830	34,024
Unutilised capital allowances	4,774	4,173
Unutilised reinvestment allowances	2,757	2,757
	36,271	38,823

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unabsorbed tax losses. The unabsorbed tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment and any balance of the unabsorbed tax losses thereafter shall be disregarded.

21. FINANCE LEASE LIABILITIES

In previous financial year, the Group has finance leases for certain property, plant and equipment.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	As reported under MFRS 117 Group 2019 RM'000
Finance lease liabilities:	
- payable within 1 year	511
- payable between 2 to 5 years	801
	1,312
Less: future finance charges	(97)
	1,215
Present value of finance lease liabilities:	
- payable within 1 year	501
- payable between 2 to 5 years	714
	1,215

The finance lease liabilities bear interest rates 1.60% to 3.40% per annum.

Upon adoption of MFRS 16, the maturity analysis and present value of finance lease commitment is included within lease liabilities in Note 23.

22. BANK BORROWINGS

	Group 2020 RM'000	2019 RM'000
Non-current		
Revolving credit	21,151	-
Term loan	-	102
	21,151	102
Current		
Bankers' acceptance/Trust receipts	309,119	310,968
Bank overdrafts	3,281	-
Onshore foreign currency loans	12,747	-
Revolving credit	9,064	-
Term loan	16	530
	334,227	311,498
	355,378	311,600

Bank borrowings of the Group are secured by corporate guarantee by the Company.

Certain trust receipts are secured by the following:
- assignment of credit insurance policy.
- a legal mortgage of a leased property owned by a third party.
- personnel guarantee from a director and certain management staffs.

The bank borrowings of the Group bears interest at rates ranging from 3.19% to 6.45% (2019: 4.18% to 8.70%) per annum.

23. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movement during the year:-

	Group 2020 RM'000
Effect of adoption MFRS16, at 1 April, restated	13,895
Additional through acquisition of subsidiary	2,417
Additions	763
Accretion of interest	680
Payment	(2,566)
Translation difference	8
At 31 March	15,197
Current	2,423
Non-current	12,774
	15,197

The Group leases office building, warehouse and hostel under operating leases. The leases run for a period of 1 to 29 years. Lease payments are negotiated on each renewal.

The Group had total cash outflows for leases of RM2,566,000. The Group also had non-cash additions to right of use assets and lease liabilities of RM623,000 respectively.

The maturity analysis of lease liabilities is disclosed in Note 35 to the financial statements.

The following are the amounts recognised in profit or loss:-

	Group 2020 RM'000
Depreciation expense of right of use assets	1,983
Interest expense on lease liabilities	
- Recognised as cost of sales	481
- Recognised as finance costs	199
Expense relating to low value assets lease	9
Expense relating to short term lease	900
Total amount recognised in profit or loss	3,572

24. TRADE PAYABLES

The normal credit terms granted by the trade payables range from 0 to 180 (2019: 14 to 90) days term.

25. OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-trade payables	7,895	4,800	10	1
Accruals	3,652	3,628	268	235
Deposits	1,082	74	-	-
Loan from employees	666	-	-	-
	13,295	8,502	278	236

Loans from employees bears interest at 5% per annum on yearly rest. All the loans from employees are unsecured and payable on demand.

26. REVENUE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Sales of goods/services rendered	768,212	599,347	-	-
Dividend income	-	-	-	9,500
	768,212	599,347	-	9,500
Timing of revenue recognition				
Goods transferred and services rendered at a point in time	768,212	599,347	-	9,500

Performance obligation
Information about the Group's performance obligations an summarised below:-

Sales of goods
The performance obligation is satisfied upon delivery of the goods and payment is generally due within 0 to 150 days from delivery.

Installation services
The performance obligation is satisfied upon completion of installation and acceptance of the customers.

27. FINANCE INCOME AND FINANCE COSTS

Finance income for the reporting periods consist of the following:-

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest income from cash and cash equivalents	59	169	-	-
Interest income from overdue accounts	717	930	-	-
Interest income from related parties	144	-	-	-
	920	1099	-	-

Finance costs for the reporting periods consist of the following:-

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest expenses on:				
Term loan	25	67	-	-
Finance lease liabilities	-	58	-	-
Bank overdrafts	72	55	-	-
Bankers' acceptance/Trust receipts	15,523	12,290	-	-
Revolving credit	663	-	-	-
Onshore foreign currency loans	149	-	-	-
Lease liabilities interest	199	-	-	-
Other interest	17	2	-	-
Advances from related parties	19	-	-	-
	16,667	12,472	-	-

28. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- Grant Thornton Malaysia PLT				
- Statutory audit	136	133	18	17
- Others	178	5	178	5
- Other auditors	52	-	-	-
Lease payment for low-value asset:				
- Office equipment	9	-	-	-
Short-term lease payment for:				
- Material handling equipment	827	-	-	-
- Office premises	73	-	-	-
Rental expenses	-	124	-	-
Rental of machinery	-	285	-	-
Rental income	(329)	(94)	-	-
Realised gain on foreign exchange	(8)	(945)	-	-

29. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Taxation:				
- current year	611	5,169	-	-
- (over)/under provision in prior years	(182)	155	-	-
Deferred taxation (Note 20):				
- current year	765	57	-	-
- underprovision in prior years	148	-	-	-
	1,342	5,381	-	-

The numerical reconciliation of tax expense at the statutory income tax rate to tax expense at the effective income tax rate is as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before tax	(7,781)	21,127	(1,117)	8,733
Tax at 24%	(1,867)	5,071	(268)	2,096
Effect of tax rate in foreign jurisdictions	52	-	-	-
Non-allowable expenses	1,990	1,567	268	184
Income not subject to tax	(451)	(1,188)	-	(2,280)
Movement of deferred tax assets not recognised	(612)	(111)	-	-
Effect of changes in tax rate on plant, property and equipments	1,441	-	-	-
Deferred tax arising from investment properties	823	(113)	-	-
(Over)/Under provision of taxation in prior years	(182)	155	-	-
Under provision of deferred tax in prior years	148	-	-	-
Total tax expense	1,342	5,381	-	-

30. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated based on Group's net (loss)/profit for the year attributable to owners of the Company of RM10,524,000 (2019: RM15,743,000) over the number of weighted average shares during the financial year of 380,417,656 (2019: 380,417,656).

Diluted earnings per share

No diluted earnings per share is presented as there are no potential dilutive ordinary shares as at reporting date.

31. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and other emoluments	25,106	21,010	529	521
Defined contribution plan	2,842	2,633	-	-
Social security contributions	170	135	-	-
Other benefits	2,449	1,286	-	-
	30,567	25,064	529	521

The remunerations of Directors and other key management personnels of the Company during the financial year are as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors:-				
Directors' fee	484	484	484	484
Salaries and other emoluments	4,232	5,021	45	37
Defined contribution plan	778	947	-	-
Social security contributions	4	4	-	-
Other benefits	111	113	-	-
	5,609	6,569	529	521
Other key managements:-				
Salaries and other emoluments	5,635	4,911	-	-
Defined contribution plan	704	633	-	-
Social security contributions	16	13	-	-
Other benefits	257	107	-	-
	6,612	5,664	-	-
	12,221	12,233	529	521

32. CAPITAL COMMITMENTS

	Group	
	2020	2019
	RM'000	RM'000
Authorised but not contracted for:		
- Property, plant and equipment	24,557	26,288
Authorised and contracted for:		
- Property, plant and equipment	-	253

33. RELATED PARTY DISCLOSURES

(a) The significant related party transactions during the financial year are as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Dividend income received from a subsidiary	-	-	-	(9,500)
Sales of goods to a related party	-	(10)	-	-
Rental charged by a related party	-	18	-	-
Lease payment charged to a related party	(7)	-	-	-
Lease payment charged by related parties	91	-	-	-
Interest charged to related parties	(144)	-	-	-
Interest charged by related parties	19	-	-	-
Service fee charged by a related party	307	-	-	-

(b) Compensation of key management personnels

Key management personnels includes all Directors of the Group and of the Company and certain members of key management personnels of the Group and of the Company.

The remunerations of the Directors and other key management personnels are disclosed in Note 31 to the Financial Statements.

Key management personnels are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

(c) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 13 to the Financial Statements.

34. DIVIDENDS

	RM'000
2020	
Final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2019, paid on 18 October 2019	3,804
2019	
Final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2018, paid on 24 August 2018	3,804

35. FINANCIAL INSTRUMENTS

35.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

Financial assets and financial liabilities are measured at amortised cost ("AC") and fair value through profit or loss ("FVTPL").

Group	Carrying Amount	AC	FVTPL
2020	RM'000	RM'000	RM'000
Financial assets			
Trade and other receivables	226,363	226,363	-
Fixed deposits with licensed banks	280	280	-
Cash and bank balances	35,308	35,308	-
Derivative financial instruments	1,840	-	1,840
	263,791	261,951	1,840
Financial liabilities			
Trade and other payables	131,295	131,295	-
Bank borrowings	355,378	355,378	-
	486,673	486,673	-
2019			
Financial assets			
Trade and other receivables	166,998	166,998	-
Fixed deposits with licensed banks	8,670	8,670	-
Cash and bank balances	9,352	9,352	-
Derivative financial instruments	58	-	58
	185,078	185,020	58
Financial liabilities			
Trade and other payables	62,797	62,797	-
Finance lease liabilities	1,215	1,215	-
Bank borrowings	311,600	311,600	-
	375,612	375,612	-

Company	Carrying Amount	AC
2020	RM'000	RM'000
Financial assets		
Other receivables	5	5
Amount due from subsidiaries	34,744	34,744
Cash and bank balances	14	14
	34,763	34,763
Financial liability		
Other payables	278	278
2019		
Financial assets		
Other receivables	5	5
Amount due from subsidiaries	39,529	39,529
Cash and bank balances	46	46
	39,580	39,580
Financial liability		
Other payables	236	236

35. **FINANCIAL INSTRUMENTS** *cont'd*

35.2 **Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing their credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure.

It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company exposed to credit risk:-

(i) *Receivables*

The Group's and the Company's exposure to credit risk are influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. The Group's and the Company's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by payment record and customer relationship). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ageing analysis of the trade receivables is as follows:-

Group	Gross carrying amount	Loss allowances	Net balance
2020	RM'000	RM'000	RM'000
Current	102,754	-	102,754
1-30 days	50,850	(91)	50,759
31-60 days	33,447	(315)	33,132
61-90 days	11,341	(48)	11,293
more than 90 days	21,587	(363)	21,224
Credit impaired			
Individually impaired	5,533	(5,533)	-
	225,512	(6,350)	219,162
2019			
Current	73,973	-	73,973
1-30 days	41,804	-	41,804
31-60 days	19,690	-	19,690
61-90 days	11,254	-	11,254
more than 90 days	17,913	-	17,913
Credit impaired			
Individually impaired	4,827	(4,827)	-
	169,461	(4,827)	164,634

35. **FINANCIAL INSTRUMENTS** *cont'd*

35.2 **Financial risk management objectives and policies** *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

(a) **Credit risk** *cont'd*

Following are the areas where the Group and the Company exposed to credit risk:- *cont'd*

(ii) *Intercompanies balances*

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

At the end of the reporting year, there was no indication that the advances to subsidiaries are not recoverable.

(iii) *Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

(iv) *Financial guarantees*

The maximum exposure to credit risk is RM501,879,000 (2019: RM311,345,000) in respect of corporate guarantees given to financial institution for banking facilities granted to and utilised by the subsidiaries as at the end of the reporting year.

The maximum exposure to credit risk is RM31,200,000 (2019: RM41,700,000) in respect of corporate guarantees given to suppliers of subsidiaries as at the end of reporting year.

The Company monitors on an ongoing basis the results and repayments made by the subsidiaries. At the reporting date, there was no indication that the subsidiaries would default on repayment.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due.

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

Following are the area where the Group and the Company are exposed to liquidity risks:-

Group	Carrying Amount RM'000	Contractual Cash Flows RM'000	Current Less Than 1 Year RM'000	More Than 1 Year but Less Than 5 Years RM'000	More Than 5 Years RM'000
2020					
Trade payables	118,000	118,000	118,000	-	-
Other payables	13,295	13,295	13,295	-	-
Bankers' acceptance/Trust receipts	309,119	313,775	313,775	-	-
Bank overdrafts	3,281	3,281	3,281	-	-
Onshore foreign currency loans	12,747	12,747	12,747	-	-
Revolving credit	30,215	30,215	9,064	21,151	-
Lease liabilities	15,197	23,791	2,476	5,634	15,681
Term loan	16	16	16	-	-
Total	501,870	515,120	472,654	26,785	15,681
Financial guarantee*	-	533,079	533,079	-	-

35. **FINANCIAL INSTRUMENTS** *cont'd*

35.2 **Financial risk management objectives and policies** *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

(b) **Liquidity risk** *cont'd*

Following are the area where the Group and the Company are exposed to liquidity risks:- *cont'd*

Group *cont'd*	Carrying Amount RM'000	Contractual Cash Flows RM'000	Current Less Than 1 Year RM'000	More Than 1 year but Less Than 5 Years RM'000	More Than 5 Years RM'000
2019					
Trade payables	54,295	54,295	54,295	-	-
Other payables	8,502	8,502	8,502	-	-
Bankers' acceptance	310,968	316,843	316,843	-	-
Finance lease liabilities	1,215	1,312	511	801	-
Term loan	632	660	641	19	-
Total	375,612	381,612	380,792	820	-
Financial guarantee*	-	353,045	353,045	-	-

Company	Carrying Amount RM'000	Contractual Cash Flows RM'000	Maturity Current Less Than 1 Year RM'000
2020			
Other payables	278	278	278
Financial guarantee*	-	501,879	501,879
2019			
Other payables	236	236	236
Financial guarantee*	-	311,345	311,345

** This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.*

(c) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales, purchases, trade receivables, amount due from related companies, cash and bank balances that are denominated in a currency other than the functional currency of the Group, trade payables and borrowings. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD") and Australian Dollar ("AUD"). The Group uses forward exchange contracts to hedge its foreign currency risk when necessary. All of the forward exchange contracts have maturities of less than one year after the end of the reporting year.

35. **FINANCIAL INSTRUMENTS** *cont'd*

35.2 **Financial risk management objectives and policies** *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

(c) **Foreign currency risk** *cont'd*

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	2020 Denominated in		
	USD RM'000	SGD RM'000	AUD RM'000
Group			
Derivative financial instruments	1,961	(122)	-
Cash and bank balances	8,939	1,412	-
Trade receivables	23,097	9,650	3,315
Trade payables	(86,732)	(59)	(2,428)
Borrowings	(12,747)	(30,215)	-
Other payables	(154)	-	-
	(65,636)	(19,334)	887

	2019 Denominated in	
	USD RM'000	SGD RM'000
Group		
Derivative financial instruments	14,843	5,920
Cash and bank balances	1,192	606
Trade receivables	1,290	17,111
Trade payables	(20,878)	(267)
Other payables	(71)	-
	(3,624)	23,370

Exposure to foreign exchange rate vary during the financial year depending on the volume of oversea transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

The following table demonstrates the sensitivity of the Group's (loss)/profit for the financial year to a reasonably possible change in the USD, SGD and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	(Loss)/profit for the financial year RM'000	Equity RM'000
2020		
USD/RM		
- Strengthened 5.12%	(3,360)	(3,360)
- Weakened 5.12%	3,360	3,360
SGD/RM		
- Strengthened 2.74%	(530)	(530)
- Weakened 2.74%	530	530
AUD/RM		
- Strengthened 1.73%	15	15
- Weakened 1.73%	(15)	(15)
2019		
USD/RM		
- Strengthened 5.03%	(182)	(182)
- Weakened 5.03%	182	182
SGD/RM		
- Strengthened 3.21%	750	750
- Weakened 3.21%	(750)	(750)

35. **FINANCIAL INSTRUMENTS** *cont'd*

35.2 **Financial risk management objectives and policies** *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *cont'd*

(d) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Fixed rate borrowing is exposed to a risk of change in its fair value due to changes in interest rates. Variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows:-

	Group	
	2020 RM'000	2019 RM'000
Fixed rate instruments		
Other receivables	2,671	-
Fixed deposits with licensed banks	280	8,670
Other payables	(666)	-
Finance lease liabilities	-	(1,215)
Lease liabilities	(15,197)	-
	(12,912)	7,455
Floating rate instruments		
Bankers' acceptance/Trust receipts	(309,119)	(310,968)
Bank overdrafts	(3,281)	-
Revolving credit	(30,215)	-
Onshore foreign currency loans	(12,747)	-
Term loan	(16)	(632)
	(355,378)	(311,600)

Cash flow sensitivity analysis for floating rate instrument:-

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of 25 (2019: 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

If the interest rates had strengthened, then the impact would be as below:-

	2020 RM'000	2019 RM'000
Effect on (loss)/profit for the year	(888)	(779)

If the interest rate had weakened then the impact to (loss)/profit for financial year would be the opposite effect.

35.3 **Fair values of financial instruments**

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to their short term nature or insignificant impact of discounting.

35. **FINANCIAL INSTRUMENTS** *cont'd*

35.4 **Reconciliation of liabilities arising from financing activities**

	At 1 April RM'000	Cash flows RM'000	Others RM'000	At 31 March RM'000
2020				
Bankers' acceptance/Trust receipts	310,968	(12,148)	10,299[(i)]	309,119
Lease liabilities (Restated)	13,895	(1,886)	3,188[(ii)]	15,197
Revolving credit	-	30,298	(83)[(iii)]	30,215
Onshore foreign currency loans	-	12,847	(100)[(iii)]	12,747
Term loan	632	(616)	-	16
	325,495	28,495	13,304	367,294
2019				
Bankers' acceptance	217,271	93,697	-	310,968
Finance lease liabilities	1,159	56	-	1,215
Term loan	1,207	(575)	-	632
	219,637	93,178	-	312,815

(i) Being addition through acquisition of subsidiary.
(ii) Being addition through acquisition of subsidiary, addition and translation differences to lease liabilities during the financial year.
(iii) Being unrealised gain on foreign exchange.

36. **OPERATING SEGMENT**

(a) **Business segments**

For the management purposes, the Group is organised into business units based on their products and services, which comprise the following:-

Trading & Services:	Trading and marketing of steel products and all types of construction materials, warehousing and storage services
Manufacturing:	Manufacturing and trading of panels and components for sectional tanks, purlin, structural steel components, wire and other steel products
Others:	Investment holding and dormant

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

36. **OPERATING SEGMENT** *cont'd*

(a) **Business segments** *cont'd*

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

	Note	Manufacturing	Trading and services	Others	Adjustments and eliminations	Total as per consolidated financial statements
Group		RM'000	RM'000	RM'000	RM'000	RM'000
2020						
Revenue						
External customers		29,469	738,743	-	-	768,212
Inter-segment	i	7,131	140,500	-	(147,631)	-
Total revenue		36,600	879,243	-	(147,631)	768,212
Results:						
Interest income		(168)	(1,952)	-	1,200	(920)
Interest expense		335	18,015	-	(1,202)	17,148
Depreciation of property, plant and equipment		1,241	2,696	-	245	4,182
Depreciation of right of use asset		1,116	1,930	-	(1,063)	1,983
Loss on fair value adjustment on investment properties		22	2,006	-	(1,100)	928
Other non-cash expenses	ii	564	1,802	-	-	2,366
Income tax expense		(15)	1,357	-	-	1,342
Dividend income		-	(1,620)	-	1,620	-
Segment profit		(1,823)	(4,789)	(1,139)	(1,372)	(9,123)
Assets:						
Additions to non-current assets	iii	1,516	6,656	-	(1,782)	6,390
Segment assets		28,288	885,480	194,882	(355,710)	762,940
Liabilities:						
Segment liabilities		17,573	673,499	403	(182,871)	508,604
Group						
2019						
Revenue						
External customers		64,119	535,228	-	-	599,347
Inter-segment	i	14,057	19,284	9,500	(42,841)	-
Total revenue		78,176	554,512	9,500	(42,841)	599,347
Results:						
Interest income		(132)	(967)	-	-	(1,099)
Interest expense		395	12,077	-	-	12,472
Depreciation of property, plant and equipment		1,558	3,015	-	230	4,803
Gain on fair value adjustment on investment properties		-	21	-	(104)	(83)
Other non-cash expenses	ii	(396)	(208)	-	-	(604)
Income tax expense		68	5,291	-	22	5,381
Segment profit		(477)	21,002	8,726	(13,505)	15,746
Assets:						
Additions to non-current assets	iii	418	4,281	-	(88)	4,611
Segment assets		41,855	646,075	199,761	(232,316)	655,375
Liabilities:						
Segment liabilities		17,507	416,776	339	(53,189)	381,433

36. **OPERATING SEGMENT** *cont'd*

(a) **Business segments** *cont'd*

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

i. Inter-segment revenues are eliminated on consolidation.
ii. Other material non-cash expenses/(income) consist of the following items:

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment written off	166	13
Loss/(Gain) on disposal of property, plant and equipment	15	(167)
Inventories written down	180	19
Impairment loss on property, plant and equipment	130	-
Impairment loss on trade receivables	1,901	155
Bad debts written off	-	963
Impairment loss on trade receivables no longer required	(36)	(1,474)
Unrealised loss/(gain) on foreign exchange	10	(113)
	2,366	(604)

iii Additions to non-current assets consist of:-

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment	611	2,796
Right of use assets	778	-
Investment properties	5,001	1,815
	6,390	4,611

(b) **Geographical segment**

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue	Non-current assets
	RM'000	RM'000
2020		
Malaysia	500,997	143,807
Singapore	227,769	2,439
Asia-Pacific economic cooperation countries	28,598	-
Other countries	10,848	-
	768,212	146,246

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Group
	2020
	RM'000
Property, plant and equipment	101,503
Right of use assets	14,375
Investment properties	30,368
	146,246

In year 2019, no geographical segmental information being presented as the Group operates principally within Malaysia.

(c) **Major customers**

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

37. CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the Group and the Company may issue new shares, return capital to shareholders, adjust the amount of dividends paid to shareholders or sell assets to reduce debts. There were no changes in the Group's and the Company's approach to capital management during the financial year.

38. SIGNIFICANT EVENTS

Significant events during the financial year

(i) On 9 May 2019, an internal reorganisation exercise has been undertaken involving the acquisition by the Company of 240,002 ordinary shares representing the entire share capital of AYS Capital Sdn Bhd ("AYSC") for a total cash consideration of RM1.00 from the Company's wholly-owned subsidiary, Ann Yak Siong Hardware Sdn. Bhd. AYSC is now direct subsidiary of the Company after the Internal Reorganisation.

(ii) On 9 May 2019, AYSC entered into a conditional sale and purchase agreement with certain shareholders of Steelaris Pte. Ltd. ("Steelaris"), being Chua Ley Hong (Cai Lihong), Chua Ley Suang (Cai Lishuang), Ang Tee Seng, Ang Yu Xin Aileen, Handi Saswita, Yee Yeow Cheong (Yu Yaochang), for the acquisition of 3,570,000 ordinary shares representing 51% of the total issued share capital of Steelaris for a total cash consideration of SGD1.00 (equivalent to approximately RM3.10).

On 23 July 2019, the acquisition was completed pursuant to the sales and purchase agreement. Steelaris effectively becomes a 51% subsidiary of AYSC.

(iii) On 13 March 2020, AYS Wire Product Sdn. Bhd. ("AYSW") a 90% owned subsidiary of Ann Yak Siong Hardware Sdn. Bhd., that is wholly-owned by the Company had commenced member's voluntary winding up pursuant to Section 439(1) of the Companies Act, 2016. In relation thereto, Mr. Lai Yok Foong has on the same date been appointed as the liquidator for AYSW.

As at the date of report, the process is still on-going.

(iv) The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020. Consequently, the MCO, CMCO and RMCO are expected to have material adverse effects on the Malaysia's economy for 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group in 2020.

As at the date of this report, the management of the Group has assessed the overall impact of the situation on the Group's operations and financial position and concluded that there are no material effects on the financial statements for the financial year ended 31 March 2020. As at the date of this report, management is unable to reliably estimate the financial impact of COVID-19 on the Group's financial results for the year ending 31 March 2021 as the pandemic has yet to run its full course and the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 March 2021.

Location	Tenure	Description	Area	Existing Use	Approx. Age of Building (No. of Years)	Date of Acquisition	Date of Revaluation	Net Book Value as at 31-03-2020 (RM'000)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse and Office	23	01-Oct-09	31-Mar-18	24,144
No.7, Lorong Keluli 1A, Kawasan Perindustrian Bukit Raja, 40000 Shah Alam Selangor	Freehold	Industrial Land & Building	2.177 acres	Warehouse, Office and Open storage yard	25	30-Nov-90	31-Mar-18	11,331
Lot 3845, Batu 7, Jalan Kapar/ KU 7, 41050 Klang, Selangor	Freehold	Industrial Land & Building	1.397 acres	Factory and Office	11	20-Dec-01	31-Mar-18	6,628
Lot 3348, KM 10, Jalan Kapar/ KU15, 41050 Klang, Selangor	Freehold	Industrial Land	4.342 acres	Open storage yard		22-Apr-96	31-Mar-18	13,500
Lot 3846, Batu 7 Jalan Kapar/ KU 15 42200 Kapar Selangor	Freehold	Industrial Land & Building	3.494 acres	Factory and Office	19	13-Oct-92	31-Mar-18	18,299
P407, P408 & Part of P409, Precinct 4, Jalan FZ1-P4, Port Klang Free Zone/KS12, 42920 Pulau Indah, Selangor	Leasehold (expiring on 31.03.2045)	Building	160,000 sq ft	Warehouse and Office	3	27-Nov-17	31-Mar-18	15,586
Sub-Total (value of properties held as property, plant and equipment)								89,488
No. 9, Lorong Tiara 1A, Bandar Baru Klang, 41150 Klang, Selangor	Leasehold (expiring on 08.05.2093)	4 storey shop office	1,647 sq ft	Tenanted	22	15-Feb-94	31-Mar-20	1,050
Unit No. B-4-1, Level 4, Block B, BBK Condominium, Persiaran Bukit Raja 1, Bandar Baru Klang, 41150, Selangor	Leasehold (expiring on 09.05.2093)	Condominium	1,000 sq ft	Vacant	20	26-Oct-95	31-Mar-20	200
Lot 1232, Jalan Batu Bata, Off Jalan Bukit Kemuning, Seksyen 35, 40470 Shah Alam, Selangor	Freehold	Industrial Land	3.832 acres	Vacant		03-Jan-96	31-Mar-20	11,900
GRN 216124/Lot 22147, College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	8,267 sq ft	Vacant		29-Sep-98	31-Mar-20	200
No.18, Jalan Mahawangsa 1, Langkawi Boulevard, 07000 Kuah, Langkawi, Kedah	Leasehold (expiring on 03.01.2109)	4 storey shop office	1,909 sq ft	Tenanted	3	07-Jan-15	31-Mar-20	2,380
35, Jalan i-Park SAC 4, Taman Perindustrian i-Park SAC, 81400 Senai, Johor	Freehold	1½ storey detached factory	42,528 sq ft	Tenanted	2	20-Apr-17	31-Mar-20	7,600
GRN 198673/Lot 21280, College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	9,096 sq ft	Vacant		20-Feb-98	31-Mar-20	215
Unit 10-11, Bangunan Duta Impian (The Embassy Suites), No. 14, Jalan Dato Abdullah Tahir, 80250 Johor Bahru	Freehold	Apartment	1,345 sq ft	Vacant	14	30-Dec-04	31-Mar-20	455
Unit No C-2-11, Block C, Skudaivilla, Jalan Aman, Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,216 sq ft	Vacant	16	14-Jun-02	31-Mar-20	285
D-1-3, Block D, Megan Avenue 1, No 189, Jalan Tun Razak, 50400 Kuala Lumpur	Freehold	Office lot	1,270 sq ft	Tenanted	25	21-Jun-14	31-Mar-20	720

Location	Tenure	Description	Area	Existing Use	Approx. Age of Building (No. of Years)	Date of Acquisition	Date of Revaluation	Net Book Value as at 31-03-2020 (RM'000)
Unit No. C-3-14, Block C, Rumah Pangsa Taman Semarak II, 71800 Nilai, Negeri Sembilan	Freehold	Low cost flat	721 sq ft	Vacant	22	21-Dec-04	31-Mar-20	28
Unit No. 15-2R, Tingkat 2, Jalan Maju 1/16, Taman Lembah Maju, 68000 Ampang, Selangor	Leasehold (expiring in 04.12.2086)	Apartment	790 sq ft	Vacant	12	21-Feb-00	31-Mar-20	150
Unit No 27B, 2nd Floor, Block 4, Pusat Perniagaan Worldwide, Jalan Karate 13/47, Seksyen 13, 40100 Shah Alam, Selangor	Leasehold (expiring in 25.03.2102)	Commercial shoplot	366 sq ft	Vacant	20	17-Apr-03	31-Mar-20	95
Unit No. D-05-24, Level 5, Block D, Kompleks Suria Kinrara, Persiaran Kinrara Seksyen 3, Taman Kinrara Seksyen 3, 47100 Puchong, Selangor	Leasehold (expiring in 24.06.2101)	Service Condominium	712 sq ft	Vacant	11	07-Jun-12	31-Mar-20	175
C-3A-07, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	355
C-3A-08, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	355
C-3A-09, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	355
C-3A-10, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	355
C-3A-11, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	355
C-3A-12, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	495 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	450
C-3A-13, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	548 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	500
C-13-01, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	1,280 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	1,090
C-13-02, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	1,291 sq.ft.	Tenanted	10	01-Jan-20	31-Mar-20	1,100
Sub-total (value of properties held as investment properties)								30,368
Total (value of properties held as property, plant and equipment, and investment properties)								**119,856**

ANALYSIS BY SIZE OF SHAREHOLDINGS

Issued capital	:	RM190,208,828.00 comprising 380,417,656 shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share held

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
Less than 100	284	9.18	14,274	0.02
100 – 1,000	958	30.92	377.381	0.10
1,001 – 10,000	884	28.53	5,229,729	1.37
10,001 – 100,000	832	26.86	29,078,999	7.64
100,001 – less than 5% of issued shares	138	4.45	81,009,913	21.29
5% and above of issued shares	2	0.06	264,707,360	69.58
Total	3,098	100.00	380,417,656	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2020

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tuan Haji Mohd. Sharif Bin Haji Yusof	-	-	-	-
Oh Chiew Ho	-	-	264,707,360*	69.58
Oh Yung Sim	-	-	-	-
Oh Pooi Foon	-	-	-	-
Seow Nyoke Yoong	-	-	-	-
Mohamad Fazlin Bin Mohamad	-	-	-	-
Dato' Wan Hashim Bin Wan Jusoh	-	-	-	-
Toh Tuan Sun	485,000	0.13	-	-

** Deemed interest by virtue of his substantial shareholdings in substantial shareholders under Section 8 of the Companies Act 2016.*

SHARES IN RELATED CORPORATION AS AT 30 JUNE 2020

There is no change to the interest of Directors in related companies as disclosed in the Directors Report for the financial year ended 31 March 2020 on page 49 of this Annual Report.

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2020

	Direct		Indirect	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Oh Chiew Ho	-	-	264,707,360*	69.58
Chiew Ho Holding Sdn Bhd ("CHH")	239,663,123	63.00	-	-
Ann Yak Siong Group Sdn Bhd ("AYSG")	25,044,237	6.58	-	-

** Deemed interest by virtue of his substantial shareholdings in CHH and AYSG under Section 8 of the Companies Act 2016.*

THIRTY LARGEST SHAREHOLDERS AS AT 30 JUNE 2020

No.	Name of Shareholders	No of Shares	% of Issued and Paid-Up Share Capital
1.	Chiew Ho Holding Sdn Bhd	239,663,123	63.00
2.	Ann Yak Siong Group Sdn Bhd	25,044,237	6.58
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	17,347,000	4.56
4.	Tan Chee Kuan	8,000,000	2.10
5.	See Siew Chiet	6,969,900	1.83
6.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Teh Shiou Cherng	2,898,300	0.76
7.	Sin Cheak Seng Pottery Sdn Bhd	2,400,000	0.63
8.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hor Lai Yan (MY1386)	2,346,200	0.62
9.	Lim Kim Yew	2,180,600	0.57
10.	Lim Aik Hoe	1,835,153	0.48
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San (8121282)	1,608,400	0.42
12.	Wong Wai Kuan	1,380,000	0.36
13.	Wong Yoon Seng	1,210,000	0.32
14.	Tay Buan Tong	1,200,000	0.32
15.	Lim Cang Lee	1,004,300	0.26
16.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Hock Soon (MY1055)	959,100	0.25
17.	Au Cheen Hoe	750,000	0.20
18.	Eng Wai Ling	695,900	0.18
19.	Lim Seng Chee	657,000	0.17
20.	Ng Tiow Min	650,000	0.17
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh She Shiang (REM 195)	628,100	0.17
22.	Maybank Nominees (Tempatan) Sdn Bhd Mak Tin Wong	600,600	0.16
23.	Lim Choon Teik	541,000	0.14
24.	Tan Ah Sim @ Tan Siew Wah	540,000	0.14
25.	Tang Chee Fook	520,000	0.14
26.	Chu Lai Eang	500,000	0.13
27.	Lim Siyu Luan	500,000	0.13
28.	Tan Yoke Lan	500,000	0.13
29.	Hor Lai Yan	499,500	0.13
30.	Toh Tuan Sun	485,000	0.13

Proxy Form

AYS VENTURES BERHAD
Company No: 201001041243 (925171-T)

*I/*We ____________________

of ____________________

being a member/members of AYS VENTURES BERHAD hereby appoint ____________________

of ____________________

or failing whom ____________________

of ____________________

or *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Ninth Annual General Meeting of the Company to be held on Tuesday, 25 August 2020 at 9.30 a.m. and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

	Resolution	For*	Against*
Re-election of Oh Yung Sim as Director	1		
Re-election of Seow Nyoke Yoong as Director	2		
Re-election of Mohamad Fazlin Bin Mohamad as Director	3		
Approval of payment of Directors' fees	4		
Approval of payment of meeting attendance allowance	5		
Re-appointment of Grant Thornton Malaysia PLT as Auditors	6		
Approval for continuation in office of Haji Mohd. Sharif Bin Haji Yusof as Independent Non-Executive Director	7		
Approval for continuation in office of Seow Nyoke Yoong as Independent Non-Executive Director	8		
Approval for continuation in office of Mohamad Fazlin Bin Mohamad as Independent Non-Executive Director	9		
Approval for the proposed authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	10		

**Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.*

Dated this .... day of 2020

NUMBER OF SHARES HELD

....

[Signature/Common Seal of Shareholder(s)]

[*Delete if not applicable]

NOTES:-

1. *A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.*
2. *A Member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the Member specifies the proportion of his securities holdings to be represented by each proxy.*
3. *The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.*
4. *The instrument appointing a proxy shall be left at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.*
5. *Depositors who appear in the Record of Depositors as at 17 August 2020 shall be regarded as Member of the Company entitled to attend the Ninth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

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AFFIX
STAMP

AYS VENTURES BERHAD
Company No: 201001041243 (925171-T)

c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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