



AYS VENTURES BERHAD

(Registration No. : 201001041243 (925171-T))

DRIVING THE **FUTURE** WITH STEEL

ANNUAL REPORT 2021

AT A GLANCE

10TH

ANNUAL GENERAL MEETING

DAY/DATE:

Wednesday, 1st September 2021

TIME:

9.30 a.m.

VENUE:

Online Meeting Platform provided by
Tricor Investor & Issuing House
Services Sdn Bhd in Malaysia via TIH
Online website at <https://tiih.online>

Financial Year Ended 31st March 2021:

Revenue : RM753.658 Million
Profit Before Tax : RM28.924 Million

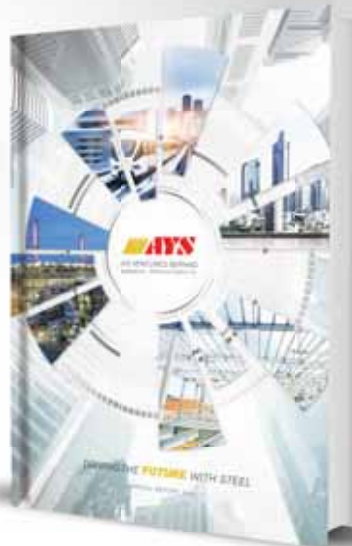
The online version of AYS Ventures Berhad's ("AYS") Annual Report 2021 and all other documents in relation to the 10th Annual General Meeting is available on our website.

Go to

<http://www.ays-group.com/generalmeeting.php>
or scan the QR code with your smartphone.



- 1 Download the "QR Code Reader" on Apple App Store or Google Play Store.
- 2 Run the QR Code Reader app and point your camera at the QR Code.
- 3 Get access to our online version of AYS's Annual Report.



DRIVING THE **FUTURE** WITH STEEL

As we enter the new decade, market trends and economical landscapes continues to evolve. Steel remains fundamental for any development and it is also the core of our businesses. In order to continue driving positive growth, we have to optimise on our organisational strengths. The cover page of AYS's Annual Report 2021 represents our potential to provide total solutions to core industries, complimenting one another to create a value cycle. Through this, we drive the future, improve efficiencies, catalyse new growth and create sustainable values with steel.

ABOUT THIS REPORT

The AYS Ventures Berhad (“AYS”) Annual Report 2021 presents the Group’s commitment to maintaining transparency, accuracy and relevance in disclosing information on our business performance and our ability to create values for our stakeholders. This is the first year that we are incorporating some elements of Integrated Reporting (“IR”) and we are reporting according to the Six Capital as prescribed by the International Integrated Reporting Council (“IIRC”).

As this is our first year adopting the IR framework, we acknowledge the various areas of refinement needed to improve the quality of the report. Although we were able to frame our Value Creation Model as presented on pages 18 and 19, our strategy formulation and data collection processes are still work-in-progress. However, we remain committed to the principles of IR and will continue to improve our reporting standards over the next years.

Reporting Scope and Boundaries

This annual report mainly relates to AYS’ activities, operations, financial and non-financial performance for the Financial Year Ended 31 March 2021 (“FYE 2021”), unless stated otherwise. The objective of this report is to provide our stakeholders a holistic insight into our continuous progress and future plans, while we embed integrated thinking into our business processes that will create values and drive positive changes.

This report covers information on our operations of AYS Ventures Berhad and its subsidiaries. This includes all of our core business segments in Trading & Services, Manufacturing and Others, unless stated otherwise. The scope of reporting includes the performance of AYS in the context of governance, risks, opportunities, prospects and sustainability and shall be read concurrently with our Corporate Governance Report 2021. Any other information can be obtained from our website at www.ays-group.com.

Reporting Frameworks

As mentioned, our Annual Report 2021 is guided by the principles prescribed in the IIRC Framework. Our financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia. We also adhered to the Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements and the Sustainability Guidelines, as well as the Malaysian Code on Corporate Governance 2017 released by the Securities Commission Malaysia.

STATEMENT OF THE BOARD OF DIRECTORS OF AYS VENTURES BERHAD

The Board acknowledges responsibility for the presentation, integrity and completeness of the Annual Report. In the Board’s opinion, the report is a fair representation of the performance of the Group in the FYE 2021.

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ANNUAL GENERAL MEETING

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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

**Serving
Customer
Needs**

**Cost
Effectiveness**

**Increase
Market
Share**

Teamwork

**Maximise
Resources**

GROUP

CORPORATE PROFILE

OVER

38 YEARS

OF EXPERIENCE

4 Warehouses,

2 Factories &

4 Offices over Malaysia & Singapore

236

Total Employees

Listed on the Main Market of Bursa Malaysia, AYS Ventures Berhad and its group of companies (“AYS” or “Group”) identifies itself as one of the market leaders in the distribution business of steel related products and building materials in Malaysia and Singapore. The core businesses in AYS are diversified into three (3) divisions, namely Trading & Services, Manufacturing and Others, 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 end-to-end solutions for our customers, acting as a one stop center for all steel and building materials related products and services. Our strong infrastructure and network in the value chain of steel will provide us with synergies to deliver solutions and creating values for all of our stakeholders.

BUSINESS AND OPERATIONS

Trading & Services Division

The major activity in the Group’s Trading & Services division involves the distribution of a diverse range of steel products and construction materials predominantly in the ASEAN region. 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.



Others Division

The Group’s associate company AOK Engineering Services Sdn Bhd provides Building Information Management (“BIM”) Engineering services. The facilities would be able to provide data for customers in relation to material procurement for the maximum usage optimization, saving time and cost. Apart from this, the division also houses the Group’s holding company and other dormant companies. The Group also provides steel sourcing and project management services, and structural steel fabrication services, all in our state-of-the-art facilities.

Manufacturing Division

The manufacturing division is equipped with modern facilities. A high-performance automated machining system equipped with the latest technology is in place enabling the company to handle more aggressive cutting strategies, manage rapid changeovers and reduce operators involvement. This will pave the way towards success in terms of IR 4.0, the fourth industrial revolution.

GROUP

CORPORATE PROFILE

CONT'D



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Toh Tuan Sun
Non-Independent Non-Executive Director

Oh Chiew Ho
Senior Group Managing Director

Seow Nyoke Yoong
Independent Non-Executive Director

Oh Pooi Foon
Group Managing Director

Mohamad Fazlin Bin Mohamad
Independent Non-Executive Director

Oh Yung Sim
Deputy Group Managing 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 (SSM Practicing Certificate No. 201908000717) (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
Bank of China (Malaysia) Berhad
CIMB Islamic Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
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
Sector : Industrial, Products & Services
Sub-sector : Building Materials

CORPORATE STRUCTURE

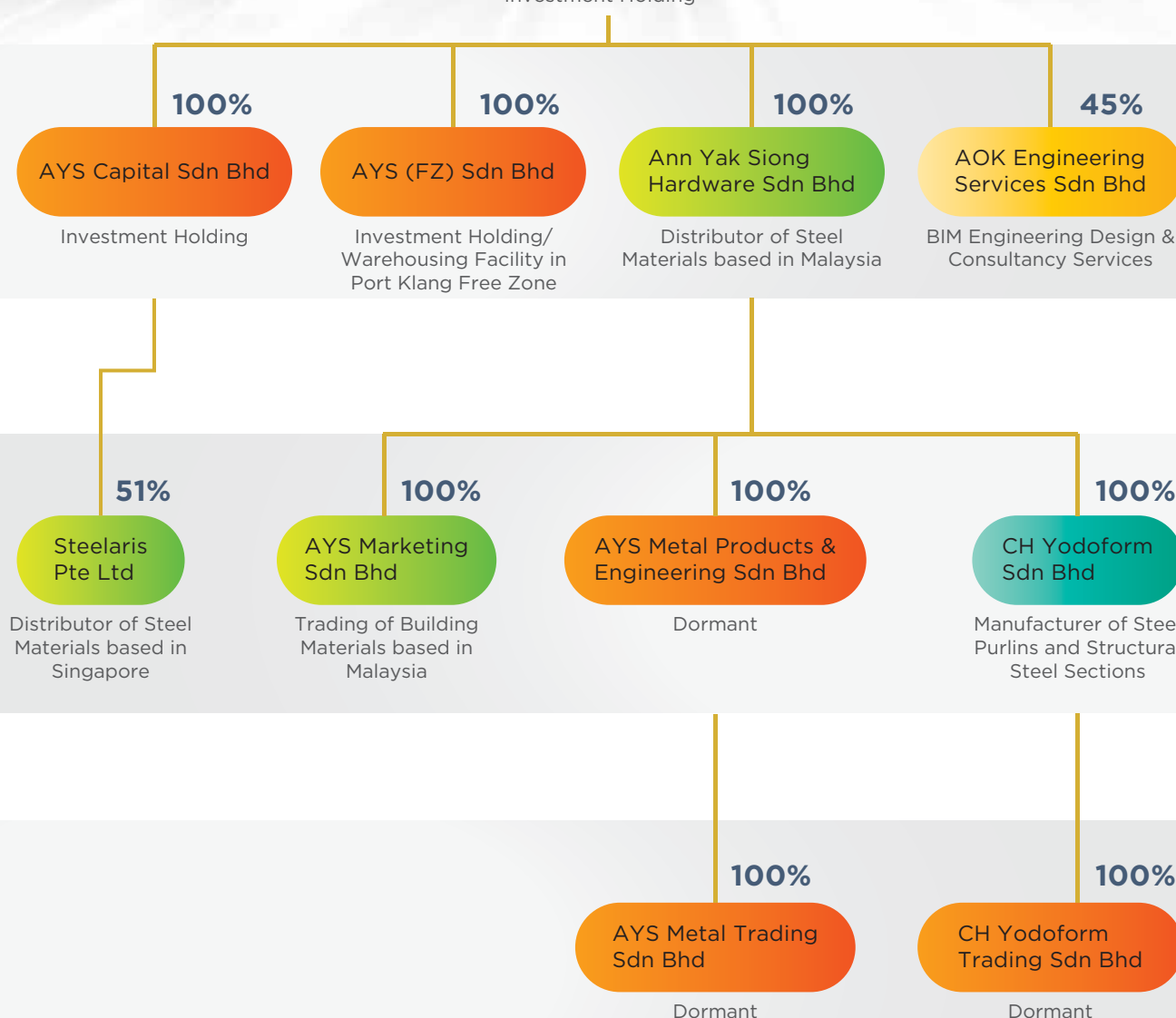
AS AT 29 JULY 2021



AYS VENTURES BERHAD

(Registration No. : 201001041243 (925171-T))

Investment Holding



TRADING & SERVICES DIVISION

ASSOCIATED COMPANY

MANUFACTURING DIVISION

OTHERS

PROFILE OF DIRECTORS

**Haji Mohd. Sharif
Bin Haji Yusof**

Independent
Non-Executive
Chairman

Malaysian

Aged 82, Male



Oh Chiew Ho

Senior Group
Managing
Director

Malaysian

Aged 74, Male



Date of Appointment: 17 November 2011

Board Meetings Attended: 5/5

Profile:

Tuan Haji Mohd. Sharif Bin Haji Yusof 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.

He is a fellow member of the Institute of Chartered Accountants, England & Wales, Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

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.

Date of Appointment: 2 June 2020

Board Meetings Attended: 5/5

Profile:

Mr. Oh Chiew Ho 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 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 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.

Mr. Oh Chiew Ho's shareholdings in the Company and its related companies is disclosed on page 160 of this Annual Report. He is the father of Mr Oh Yung Sim, Mr Oh Yung Wooli, 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.

PROFILE OF DIRECTORS

CONT'D

Oh Pooi Foon

Group
Managing
Director

Malaysian

Aged 41, Female



Oh Yung Sim

Deputy Group
Managing
Director

Malaysian

Aged 47, Male



Date of Appointment: 2 June 2020

Board Meetings Attended: 5/5

Profile:

Ms. Oh Pooi Foon 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 was 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 support to the Senior Group Managing Director and her role is to steer the Group's business operations in addition to provide strategic guidance and direction to the Board to ensure that the Group 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 160 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.

Date of Appointment: 2 June 2020

Board Meetings Attended: 5/5

Profile:

Mr. Oh Yung Sim 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 AYSH 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, his vital role remains to provide support to the Group Managing Director to ensure that the Company achieves its various business objectives.

Mr. Oh Yung Sim's shareholdings in the Company and its related companies is disclosed on page 160 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.

PROFILE OF DIRECTORS

CONT'D

Toh Tuan Sun

Non-Independent
Non-Executive
Director

Malaysian

Aged 70, Male



Seow Nyoke Yoong

Independent
Non-Executive
Director

Malaysian

Aged 59, Female



Date of Appointment: 17 May 2016

Board Meetings Attended: 5/5

Profile:

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, Mr. Toh 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 160 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.

Date of Appointment: 17 November 2011

Board Meetings Attended: 5/5

Profile:

Ms. Seow Nyoke Yoong 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.

PROFILE OF DIRECTORS

CONT'D

**Mohamas Fazlin
Bin Mohamad**

Independent
Non-Executive
Director

Malaysian

Aged 49, Male



**Dato' Wan Hashim
Bin Wan Jusoh**

Independent
Non-Executive
Director

Malaysian

Aged 64, Male



Date of Appointment: 17 November 2011

Board Meetings Attended: 5/5

Profile:

En. Mohamad Fazlin Bin Mohamad 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 MyMagnus Safe Deposit Box 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.

Date of Appointment: 1 December 2017

Board Meetings Attended: 5/5

Profile:

Dato' Wan Hashim Wan Jusoh 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.

Dato' Wan 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

Executive Director

Ann Yak Siong Hardware Sdn Bhd

Nationality: Malaysia

Age / Gender: 46 / Male

Date of Appointment: 2 June 2020

Profile:

Upon his completion in secondary school in 1999, Mr. Oh Yung Wooi joined AYSH as a 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 become the Materials Director and is responsible for the materials control, total warehousing and logistics functions of AYSH. Currently, he assists Oh Yung Kwan in managing the overall distribution channel in AYSH.

Oh Yung Kwan

Executive Director

Ann Yak Siong Hardware Sdn Bhd

Nationality: Malaysia

Age / Gender: 43 / Male

Date of Appointment: 2 June 2020

Profile:

Mr. Oh Yung Kwan 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.

Mr. Oh 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. 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

Group Technical and
Marketing Director

Nationality: Malaysia

Age / Gender: 62 / Male

Date of Appointment: 15 July 2016

Profile:

Mr. Woon Yang Leng graduated with a Master of Engineering specialised in Steel Structures and Project Management from Asian Institute of Technology, Bangkok in 1987. He 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. He 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, he was transferred to Malaysia in 1994 to kick start the British Steel office in Malaysia. He 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, he resigned from Steelco Malaysia and joined AYSH as Senior General Manager-Marketing before promoted to the current position.

PROFILE OF KEY SENIOR MANAGEMENT

CONT'D

Ang Tee Seng

Managing Director

Steelaris Pte Ltd

Nationality: Malaysia

Age / Gender: 46 / Male

Date of Appointment: 23 July 2019

Profile:

Mr. Ang Tee Seng 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 Steelaris Pte. Ltd., 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

Group Financial Controller

Nationality: Malaysia

Age / Gender: 55 / Female

Date of Appointment: 1 June 2017

Profile:

Ms. Tay Yew Thiam graduated with a Bachelor's degree with Honours in Accounting from University Utara Malaysia in 1991. She is a Chartered Accountant and a 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 when 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 in 2012.

Ms. Tay together with her more than 25 years of working experience in the area of financial and corporate services, she joined AYSH 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.

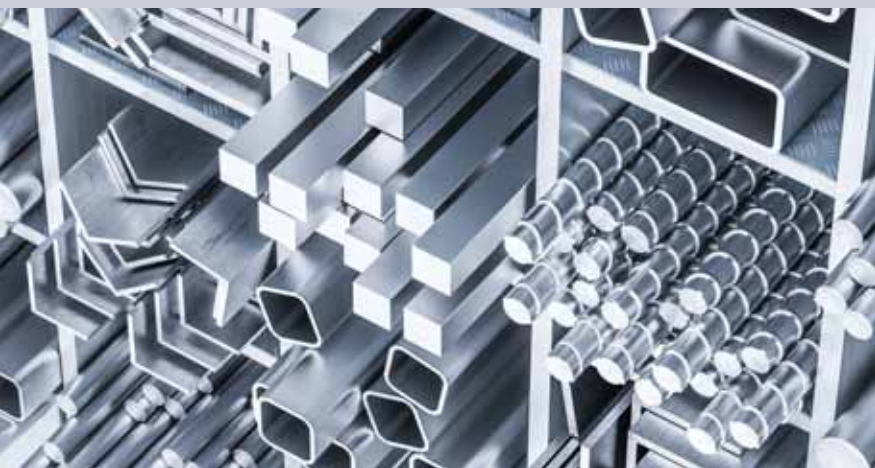
Directorship

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.

MANAGEMENT DISCUSSION & ANALYSIS



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

STRATEGIC REVIEW

MARKET REVIEW & OUTLOOK

Year under review:

All throughout the financial year 2021, a vast majority of countries all over the world has been put under lockdowns to contain the spread of the Covid-19 Pandemic. Likewise in Malaysia and Singapore, we have not been spared from the assault of the Covid-19 Pandemic. The federal governments have put in place its own iterations of lockdowns, namely the Movement Control Order ("MCO") and the Circuit Breaker ("CB"). Although the MCO saw a relaxation from May of 2020, a new spike in infection has forced the Malaysian Government to re-impose the MCO in November of 2020. In Singapore however, the Covid-19 pandemic came under control and entered into phases of reopening from 19 May 2020. As such, Malaysia's full-year GDP sees a contraction of 5.6 percent (*Source: Department of Statistics Malaysia*) and Singapore's full-year GDP has also contracted by 5.8 percent (*Source: Department of Statistics Singapore*). Foreign currency exchange rates and commodity prices have also been volatile all throughout the financial year resultant from the Covid-19 Pandemic's effect on global economy.

The Pandemic and its effect on economic indicators aside, the current political landscape in Malaysia together with shaky economic drivers such as global trade relations, demand and supply trends in other industries and market sentiments also affected the performance of AYS Group especially in the first quarter of financial year ended 31 March 2021 ("FYE 2021").



MANAGEMENT

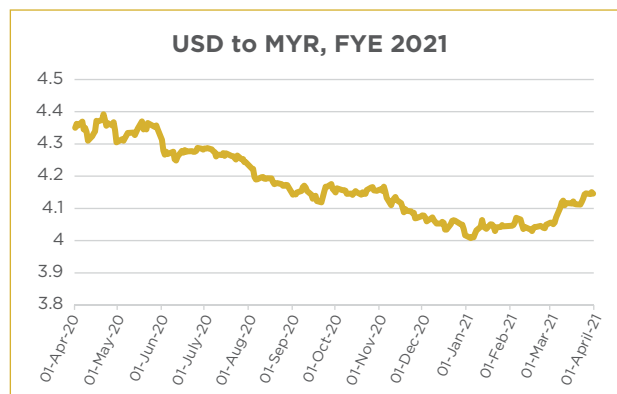
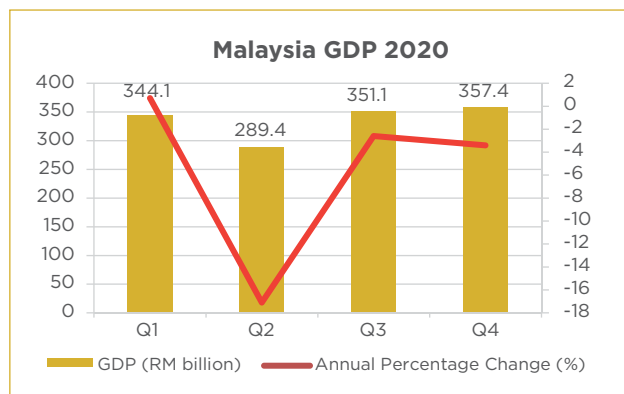
DISCUSSION & ANALYSIS

CONT'D

Outlook:

With vaccination efforts and trillions of dollars' worth of government stimulus packages from all over the world, recovery will be the keyword global economic analysts are eyeing to use in 2021. It is projected that the global economy will see a growth of 5.2% in 2021 (*Source: Ministry of Finance Malaysia*). With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% and 7.5% in 2021 (*Source: Ministry of Finance Malaysia*). However, the recovery of the Malaysian economy still has considerable uncertainty for the rest of 2021 as there is a resurgence in caseloads and Malaysia is facing a tough task in curbing its third wave of the COVID-19 pandemic. The implementation of the nationwide Full Movement Control Order ("FMCO") may have scarring effects on economic and business activities. Notwithstanding this, the economy is recovering gradually and Bank Negara Malaysia has reported that it expects GDP growth to remain within the projected 6.5% to 7.5% in 2021.

With the recent announcements of stricter lockdown measures in Malaysia as well as in Singapore to curb the spread of the COVID-19 virus, the Board is cautious of the demanding business environment in the new financial year ending 31 March 2022. Given such early headwinds, the Group will continually assess and priorities its key projects as well as take proactive steps to implement cost containment measures to preserve cash flow to sustain its performance in the coming financial year.

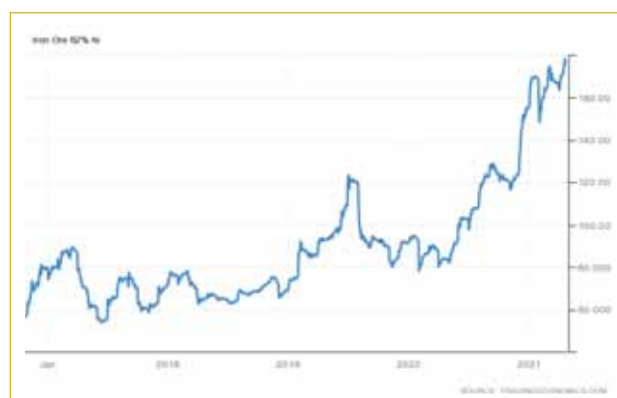


The Steel Industry

Year in review:

Throughout the past years, the steel industry has been heavily affected by the US-China trade tensions and the overcapacity situation of Chinese steel mills. The Covid-19 Pandemic has also caused heavy supply chain disruptions as the global economy shutdown. Global steel supply has been abruptly disrupted as productions halted. As the economy recovered, steel prices rose vigorously to counter the hike in demand. The increase in freight costs and reduced iron ore supply from Brazil, as well as the newly increased China-Australian tensions caused further reduction in iron ore supply had added on to the several factors that induced a spike in steel prices. As a result, iron ore has seen its prices more than doubled just in the past year alone. This benefited AYS as we were able to improve our pricing competitiveness with a more comprehensive stockholding and network, thus the improved results going into Q3 and Q4 of the FYE 2021.

Iron ore price, 2017 - 2021



MANAGEMENT DISCUSSION & ANALYSIS

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Outlook:

Analysts are expecting that the record-high steel prices will continue at least for the rest of the year (*Source: Kallanish*) as supply continues to be constrained. Any further breakthrough in steel prices is dependent on the rise and fall of the prices of iron ore and the international steel market. The pricing of steel is currently supported by the strong demand from China. Revised policies on the Chinese export rebate and large cutbacks in Chinese steel production to lower carbon emission has further pushed the international steel prices further up.

Malaysia's construction sector is expected to be driven by the acceleration and revival of major infrastructure projects, as well as affordable housing projects. With an allocation of RM15 billion in Budget 2021, the construction sector should expect to see a growth of 13.9% in 2021 from an 18.7% contraction in 2020 (*Source: Department of Treasury Malaysia*). Construction steel demand in ASEAN is also expected to be strong amid the influx of infrastructure projects to boost the post pandemic economies. Apart from the uptake in construction activity going forward, trade numbers in 2020 has shown that shipments of iron and steel has increased by 21.4% year-on-year (*Source: Department of Statistics Malaysia*).

Moving forward, AYS remains cautiously optimistic on the outlook for FYE 2022. Our focus will be to continue strengthening our partnerships with global steel mills. With our strong network of suppliers and robust procurement strategy, we will be able to procure steel products that are high in demand and improve our margins. However, the prospects could be hampered by the recent announcements of the FMCO in Malaysia as well as stricter lockdown measures in Singapore to curb the spread of the Covid-19 virus. Global policy and political changes could also reverse the pricing trend of steel commodity or other risks as outlined in the next section of the report.



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VALUE CREATION BUSINESS MODEL



MANAGEMENT DISCUSSION & ANALYSIS

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Value Created



Vision

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



Mission

Providing customers with total solutions in quality products and services.

Broadening in our product range and value added activities.

Practising good corporate social responsibilities.

Rewarding all stakeholders equitably.



Values & Principles

Serving Customer Needs
Cost Effectiveness
Increase Market Share
Teamwork
Maximize Resources

WHILE MANAGING KEY RISKS

Foreign Exchange

Political and policy changes

Commodity volatility

Cyber Security

Credit

Competition

People & Culture

OUTPUT & OUTCOMES

Manufactured Capital

- 12,518 metric tons of steel products manufactured.
- Reduced complaints of defect products.
- Increased in operating efficiency.

Financial Capital

- RM753.658 million of revenue reported.
- Profit before tax (PBT) of RM28.924 million.

Human Capital

- Annualized staff turnover rate at 3.83%.
- Increased productivity level.
- Improved in employee engagement.

Social Capital

- Long lasting business relationships.
- Strong network of suppliers and customers.
- Able to easily source materials in high demand.
- Received customer satisfactory rate of over 78%.

Natural Capital

- Lowered energy consumption by 19% as compared to FYE 2020.
- Satisfactory results achieved for air quality emission.

Intellectual Capital

- Our core subsidiaries are certified with Integrated Management System (IMS) ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007.

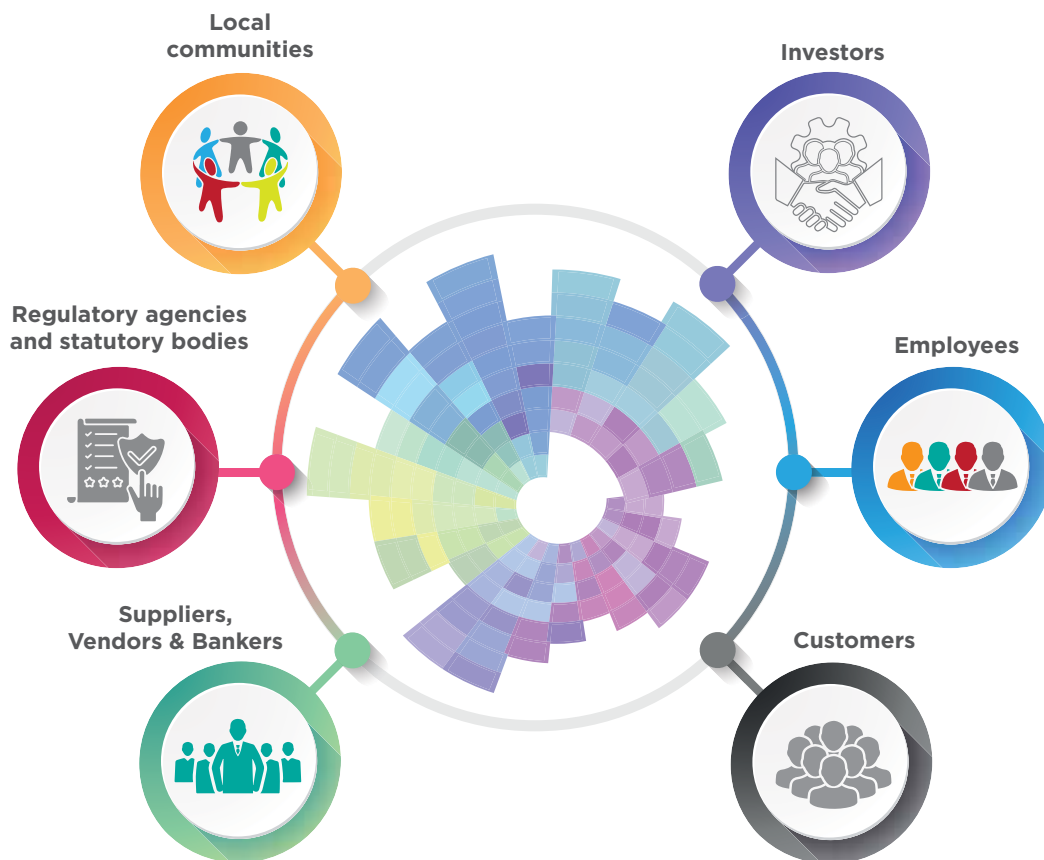
MANAGEMENT

DISCUSSION & ANALYSIS

CONT'D

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is critical in determining business success. Engaging in meaningful dialogue with our internal and external stakeholders is an essential step towards understanding their expectations, concerns and interests regarding our business performance. Stakeholder feedback is a valuable input that we take into consideration when designing our approach and strategy to propel the sustainable growth of our business. It helps us address concerns raised and identify areas that need improvement.



MANAGEMENT

DISCUSSION & ANALYSIS

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STAKEHOLDERS	AREAS OF INTEREST	METHODS OF ENGAGEMENT	FREQUENCY
 INVESTORS	<ul style="list-style-type: none"> Group financial performance High financial returns Good corporate governance 	<ul style="list-style-type: none"> Annual general meeting Annual report Company website Press release 	<ul style="list-style-type: none"> Annually Annually As and when required As and when required
 EMPLOYEES	<ul style="list-style-type: none"> Performance management Training and development Work-life balance Benefits and remuneration Occupational health and safety 	<ul style="list-style-type: none"> Circulation of internal policies Management meetings Employee appraisal 	<ul style="list-style-type: none"> As and when required As and when required Annually
 CUSTOMERS	<ul style="list-style-type: none"> Efficient complaints resolution Customer-company relationship Competitive pricing Quality of products and service 	<ul style="list-style-type: none"> Regular client meetings Feedback sessions Satisfaction surveys Community and networking events 	<ul style="list-style-type: none"> As and when required As and when required Annually As and when required
 SUPPLIERS, VENDORS AND BANKERS	<ul style="list-style-type: none"> Transparent procurement practices Payment schedule Pricing of services 	<ul style="list-style-type: none"> Evaluation and performance reviews Contract negotiation Vendor registration 	<ul style="list-style-type: none"> Annually As and when required As and when required
 REGULATORY AGENCIES AND STATUTORY NODIES	<ul style="list-style-type: none"> Governance compliance Labour practices Occupational health and safety Environmental management and compliance 	<ul style="list-style-type: none"> Inspection/audits by local authority Regular meetings with regulators 	<ul style="list-style-type: none"> As and when required As and when required
 LOCAL COMMUNITIES	<ul style="list-style-type: none"> Social issues Impact of business operations Environmental impacts 	<ul style="list-style-type: none"> Community engagement Corporate Social Responsibility (CSR) programmes 	<ul style="list-style-type: none"> As and when required Annually/As and when required

MANAGEMENT

DISCUSSION & ANALYSIS

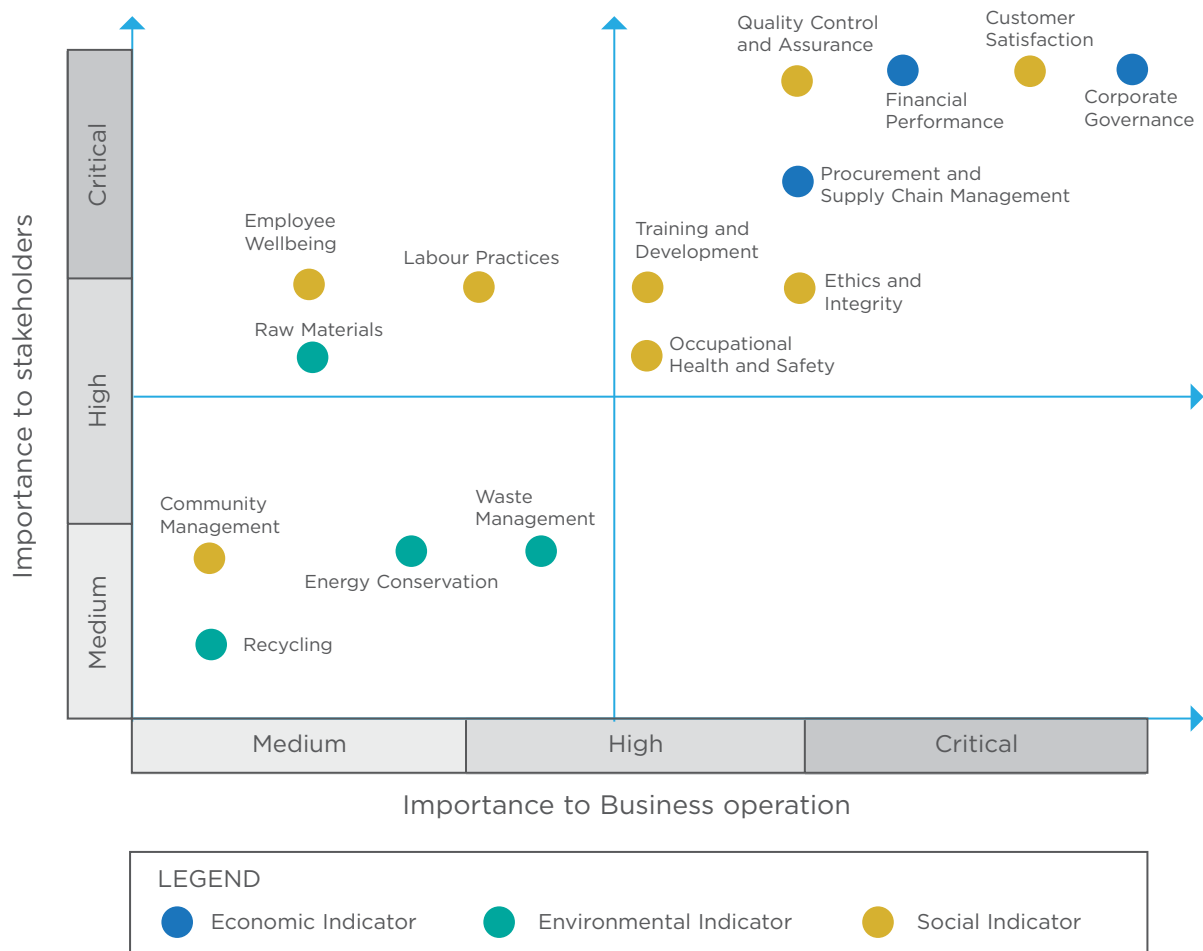
CONT'D

MANAGING OUR SUSTAINABILITY AND MATERIAL MATTERS

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 financial year 2018, the Group conducted its first materiality assessment and identified 15 material sustainability matters representing our economical, environmental and social (“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 this is presented in a materiality matrix as below:



MANAGEMENT

DISCUSSION & ANALYSIS

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KEY RISKS AND MITIGATION

Our businesses mainly involve steel, which is a highly volatile commodity. The distribution, import and export of steel are affected by many macroeconomic factors. The uncertainties in global economy and geopolitical factors may affect our business. In unprecedented times it is crucial to take extra cautious efforts 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 & Affected Stakeholders	Description	Mitigation Strategy	Link to Material Topics
Commodity Volatility Affected Stakeholders: - Investors - Suppliers, Vendors and Bankers - Customers	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 products, which are not easily available in the market as it is a specialised product, are AYS's core products. Through inventory management and procurement strategies, we are able to minimize the impact of global commodity price fluctuation.	- Raw Materials - Procurement and Supply Chain Management - Financial Performance - Corporate Governance
Foreign Exchange Affected Stakeholders: - Investors - Customers - Suppliers, Vendors and Bankers	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 minimize the potential adverse effects. Furthermore, the Group has a hedging policy in place to mitigate the risk in foreign exchange.	- Procurement and Supply Chain Management - Financial Performance - Corporate Governance
Credit Affected Stakeholders: - Customers - Investors	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's credit control team and sales team work very closely to evaluate every business dealing to ensure credit risk is within control. The Group's credit control policy requires regular management review on credit exposure to ensure that AYS's credit risk is well managed and exposure is within control.	- Financial Performance - Customer Satisfaction - Corporate Governance

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Key Risks & Affected Stakeholders	Description	Mitigation Strategy	Link to Material Topics
Competition Affected Stakeholders: - Investors - Suppliers, Vendors & Bankers - Customers	Trading, manufacturing and services industries face obvious competition from cheaper substitutes. Competing products and services from low-cost, emerging economies are a constant threat to market share.	The Group will focus to improve efficiency and quality, and to constantly innovate and implement strategies to provide alternative revenue streams for cost maximisation. Furthermore, the Group constantly engages with our existing network of partners and customers, and to optimise value proposition for better pricing strategy.	- Procurement and Supply Chain Management - Financial Performance - Customer Satisfaction - Quality Control and Assurance
Political and Policy Changes Affected Stakeholders: - Investors - Customers - Suppliers, Vendors and Bankers - Regulatory agencies and statutory bodies	As our key products are mostly not producible locally, global governmental policies such as anti-dumping regulations or changes in trade tariffs would affect the prices of steel we import. A hike in steel prices would affect the business margins of our business.	The Group constantly keeps abreast of all development of global steel market as well as developments in the countries we operate in and constantly review the group's business continuity, mitigation and risk management plans to ensure that the effect of any political and policy changes are minimal.	- Corporate Governance - Raw Materials - Procurement and Supply Chain Management - Financial Performance
Cyber Security Affected Stakeholders: - Employees - Customers - Regulatory agencies and statutory bodies	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.	- Corporate Governance - Ethics & Integrity
People and Culture Affected Stakeholders: - Employees - Customers - Suppliers, Vendors and Bankers - Local communities	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.	- Community Management - Employee Wellbeing - Labour Practices - Training and Development - Occupational Health and Safety

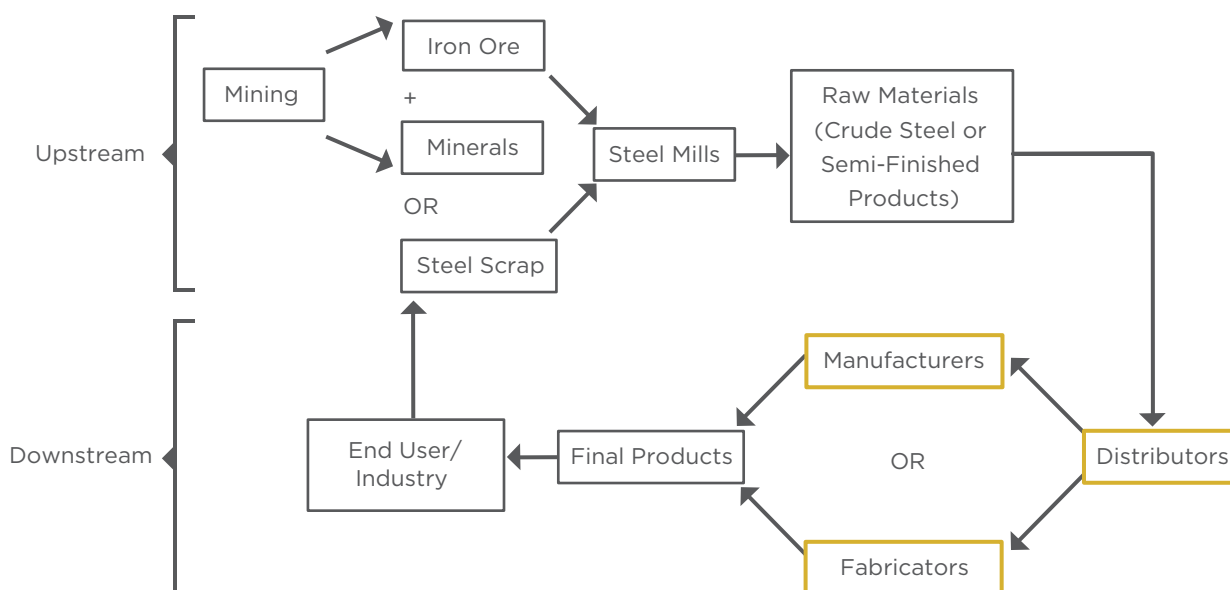
MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

OUR STRATEGIC PROFILE

Our corporate strategy provides us the framework to guide the Group to optimising its capabilities, driving sustainable growth and to achieve the vision and the mission of the company. The strategy plan defines achievable values to the organization and is the blueprint for business growth and sustainability.

Steel Industry Explained



We started our business as a distributor of steel. Throughout the past 38 years, we focus not just on the expansion of our distribution networks and infrastructures but also to vertically integrate in the downstream steel industry; utilising our experience in the steel industry and expand into strategic business units. Currently, we are in the businesses of providing multiple services to the downstream steel industry as mentioned in our value added business model, as well as manufacturing of steel products. We also operate a fully automated steel fabrication plant. Our activities are as highlighted in gold, on the diagram above.

The main objective of our strategy would be to create an ecosystem in the downstream steel industry, utilising our strength and create synergies with each segment to ultimately create more values to the end users in various industries, i.e. to be a one-stop solution provider in the downstream steel industry, and with that, to achieve our vision and missions of being a leading distribution hub of all steel solutions in the region.

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To help us achieve all of that, we look into four strategic priorities.

Strategy one: Regionalisation

With our venture into Steelarlis Pte Ltd “(Steeclaris”) in Singapore, we were able to expand our footprints towards to greater APAC region. We will focus to further optimise the acquisition with post-acquisition integration to strengthen the synergies between Singapore and Malaysia. Furthermore, we are connecting regional supply chain and expand market reach through strategic alliances with regional players, creating a one stop material procurement centre with comprehensive product types and availability.

Strategy two: Value-added businesses

We will put our focus on the initiative of one stop steel solutions provider in steel construction industry by including processing services to add value and at the same time help customers to create value with improved productivity and cost saving. Cost effective service includes transforming unit cost, sharing of assets, improve site utilization and jointly develop services to market and create strong mutual interdependency. With that, we will further explore business opportunities in the steel value chain to create innovative solutions, adding values and creating synergies for the entire of steel value chain.

Strategy three: Operation Streamlining

We have entered into a sales and purchase agreement to acquire a 23 acres piece of vacant land in Kapar of Klang with the intention of consolidating all of our warehouse operations in a single location to improve operational efficiency. We will also be able to optimise our warehouse inventory levels to resolve long term cost issues such as proposition of damaged goods and maintenance. Furthermore, a consolidated operation will allow streamlined operational processes with centralised approach on several group functions. This will achieve the effect of a lean supply chain, ensuring most efficient use of resources, resulting in an improved operating efficiency thus the delivery lead time and operating costs can be decreased.

Strategy four: Digitalisation and innovations

We aim to create a future proof and sustainable business environment by investing in digital platforms and infrastructures. This will enable us to create a better, more efficient and transparent customer experience. Furthermore, these platforms will be able to generate data for us to formulate data driven decision making processes and strategies. We can also automate labour dependent or redundant processes to decrease errors and increase operating efficiency, thus achieving higher cost efficiency.

MANAGEMENT DISCUSSION & ANALYSIS

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PERFORMANCE REVIEW

Financial Highlights

**Group
Revenue**

RM753.658 million



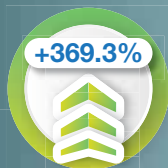
**Basic Earnings
Per Share**

RM0.05



**Group Profit
After Tax**

RM24.572 million



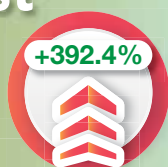
**Net Assets
Per Share**

RM0.73



**Group Profit
Before Interest
And Tax**

RM41.593 million



**Return On
Total Assets**

3.47%

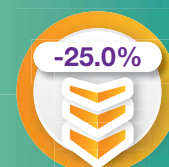


**Share
Capital**

RM190.209 million

**Debt Equity
Ratio**

1.05 times

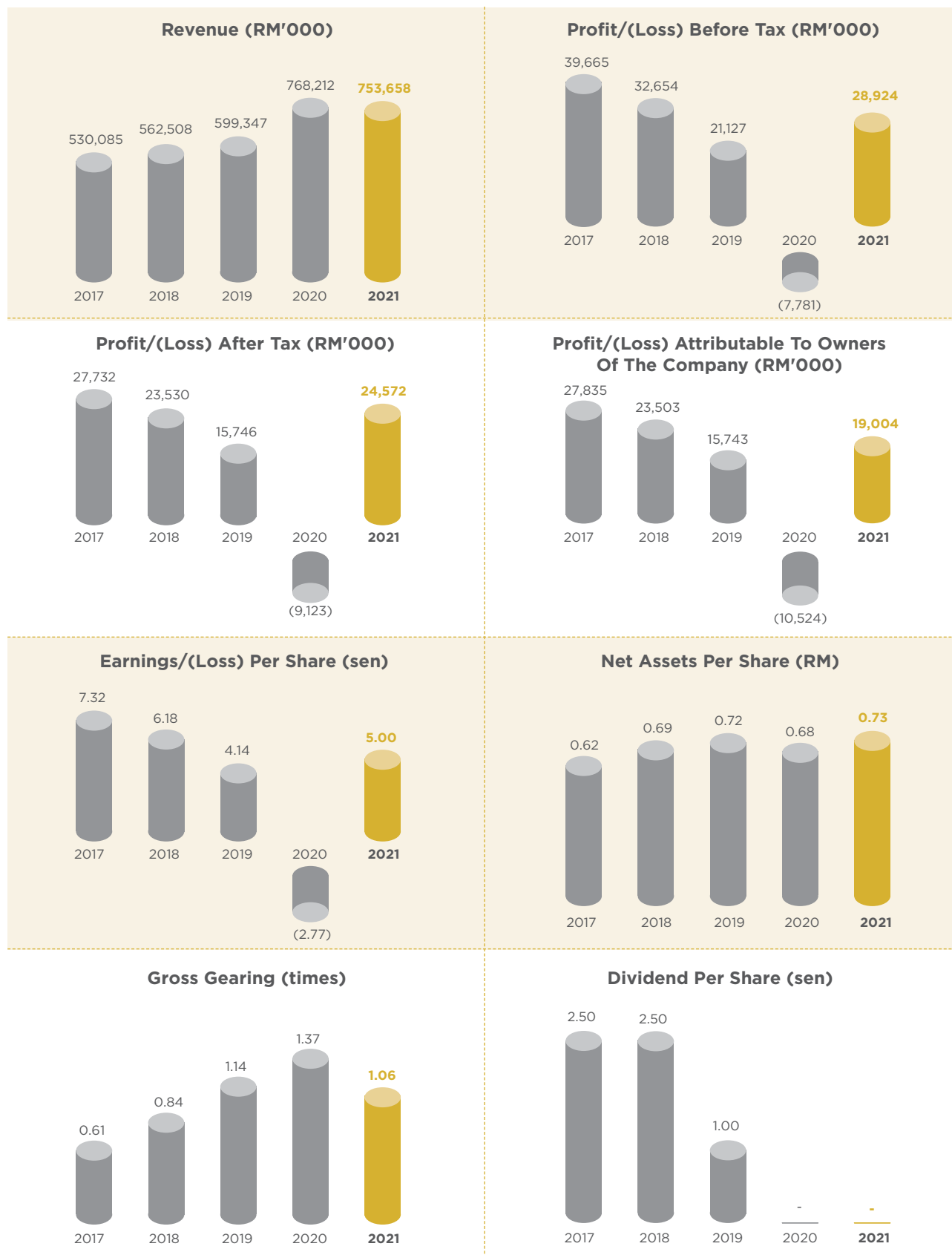


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DISCUSSION & ANALYSIS

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Five Years' Group Summary Results



MANAGEMENT

DISCUSSION & ANALYSIS

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Financial Year Ended 31st March (RM'000)	2017	2018	2019	2020	2021
Revenue	530,085	562,508	599,347	768,212	753,658
Profit Before Interest and Tax	46,231	40,954	32,500	8,447	41,593
Finance Costs	8,047	9,103	12,472	17,148	13,443
Profit/(Loss) Before Tax	39,665	32,654	21,127	(7,781)	28,924
Profit/(Loss) After Tax	27,732	23,530	15,746	(9,123)	24,572
Profit/(Loss) Attributable To Owners Of The Company	27,835	23,503	15,743	(10,524)	19,004
Total Equity Attributable To Owners Of The Company	237,137	261,608	273,547	258,524	277,462
Total Assets	428,282	542,623	655,375	762,940	707,311
Total Borrowings	145,700	219,637	312,815	355,378	293,218
Gross Gearing (times)	0.61	0.84	1.14	1.37	1.06
Earnings/(Loss) Per Share (sen)	7.32	6.18	4.14	(2.77)	5.00
Net Assets Per Share (RM)	0.62	0.69	0.72	0.68	0.73
Dividend Per Share (sen)	2.50	2.50	1.00	-	-

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Commentary on Financial Results

In the FYE 2021, The Group registered revenue of RM753.658 million, a slight decrease of 1.9% from the financial year ended 31 March 2020 ("FYE 2020"). The decline in revenue was due to the Covid-19 global restrictions in the first quarter of the financial year, resulting in an unfavourable Q1 results. As the restrictions lifted gradually from the second quarter towards the end of the financial year, the Group's business activities gradually resumed to the normal track. Comparing the second half year of the financial year under review with its preceding year corresponding period, The Group's revenue saw a growth of more than 15%.

The Group's profit before tax improved to RM28.924 million in the FYE 2021 from a loss of RM7.781 million in the FYE 2020. The improvement was mainly due to higher average selling prices, which was in tandem with the global steel price trends. The comparisons in expenses are summarised as below:

	Description/Commentary	FYE 2020 (RM'000)	FYE 2021 (RM'000)	Change (%)
Selling and distribution expenses	Mainly consist of transportation costs and costs associated with sales and marketing.	12,051	12,156	0.87%
Administration expenses	Including but not limited to staff related costs, trade credit insurance premium, loss on lease modification in compliance with the MFRS 16 Operating Lease and management fees paid for the sales administration and accounting services.	31,704	35,276	11.27%
Other expenses	Incorporated loss on deconsolidation of a 90% owned subsidiary, realised/unrealised loss on foreign exchange, recognition of loss on fair value adjustments on investment properties despite lower warehouse and store related expenses, depreciation - PPE and right-of-use and impairment loss on trade receivables.	12,529	14,303	14.16%
Finance costs	Attributable to the reduction in borrowings.	16,667	12,802	-23.19%
Tax Expense	The effective tax rate was lower than the statutory tax rate mainly due to utilisation of unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances.	1,342	4,352	224.29%

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Commentary on Financial Position

	Description/Commentary	FYE 2020 (RM'000)	FYE 2021 (RM'000)	Change (%)
Property Plant & Equipment ("PPE")	Transferral of an owner-occupied building to investment properties, disposal of PPE, depreciation charged in spite of the additional purchase of PPE.	101,503	82,099	-19.12%
Investment Properties	Incorporated a building transferred from PPE and disposal of vacant industrial land.	30,368	43,878	44.49%
Inventories	Inventories turnover decrease to 154 days as at end of the FYE 2021 as compared to 174 days as at end of the FYE 2020.	336,300	278,048	-17.32%
Trade receivables	Higher trade receivables turnover of 116 days compared to turnover of 104 days as at end of the FYE 2020. Trade receivables are generally on 0 to 150 days term.	219,162	238,639	8.89%
Cash and Cash Equivalents	The total cash and cash equivalents of The Group remained positive and healthy.	32,307	31,483	-2.55%
Borrowings	The Group's gross gearing and net gearing ratio have decreased to 1.06 times and 0.94 times respectively as at end of the FYE 2021 as compared to 1.37 times and 1.24 times respectively as at end of the FYE 2020.	355,378	293,218	-17.49%
Trade payables	Trade payables turnover day declined to 52 days as at end of the FYE 2021 as compared to turnover of 61 days as at end of the FYE 2020.	118,000	93,983	-20.35%
Total Equity	Increase mainly attributable to profits made in the FYE 2021.	254,336	278,622	9.55%

Financial Ratio

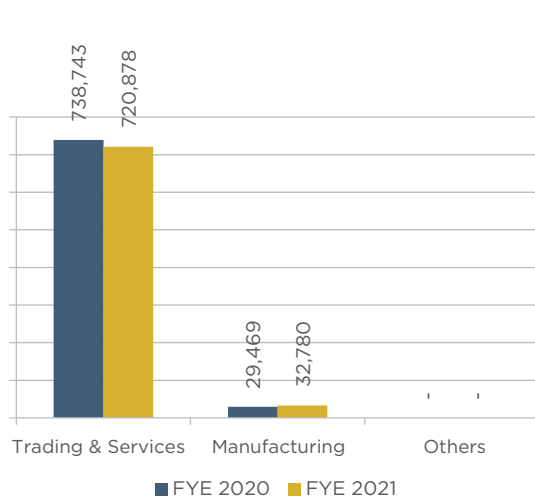
	FYE 2020	FYE 2021
Current Ratio	1.30	1.46
Quick Ratio	0.59	0.75
Gross Gearing Ratio	1.37	1.06
Net Gearing Ratio	1.24	0.94

MANAGEMENT DISCUSSION & ANALYSIS

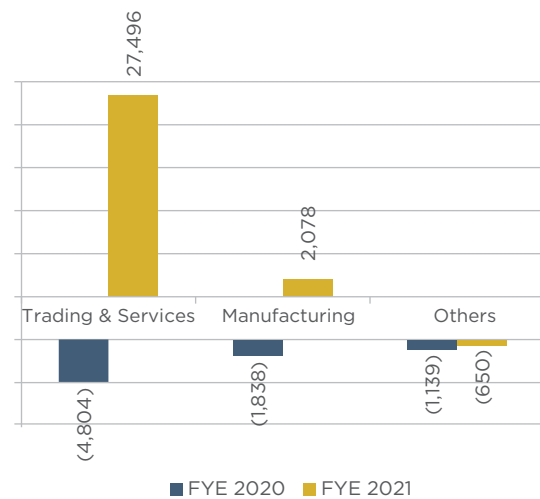
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Segmental Analysis

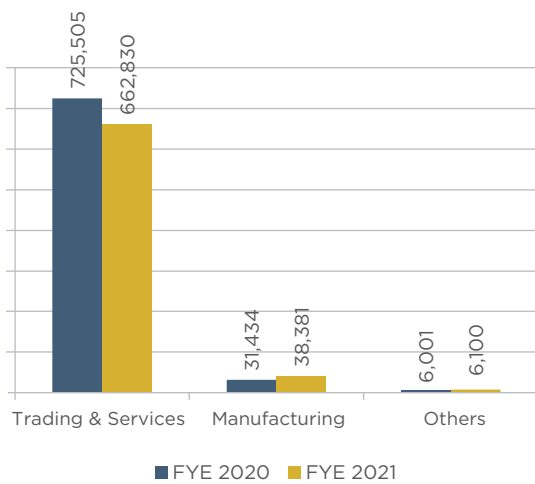
Revenue (RM'000)



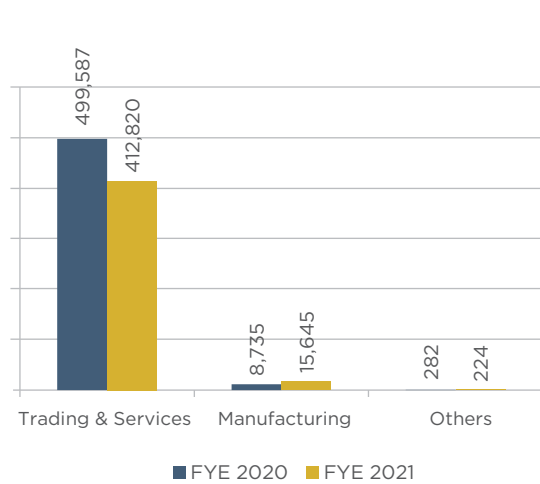
Profit/(Loss) Before Tax (RM'000)



Assets (RM'000)



Liabilities (RM'000)

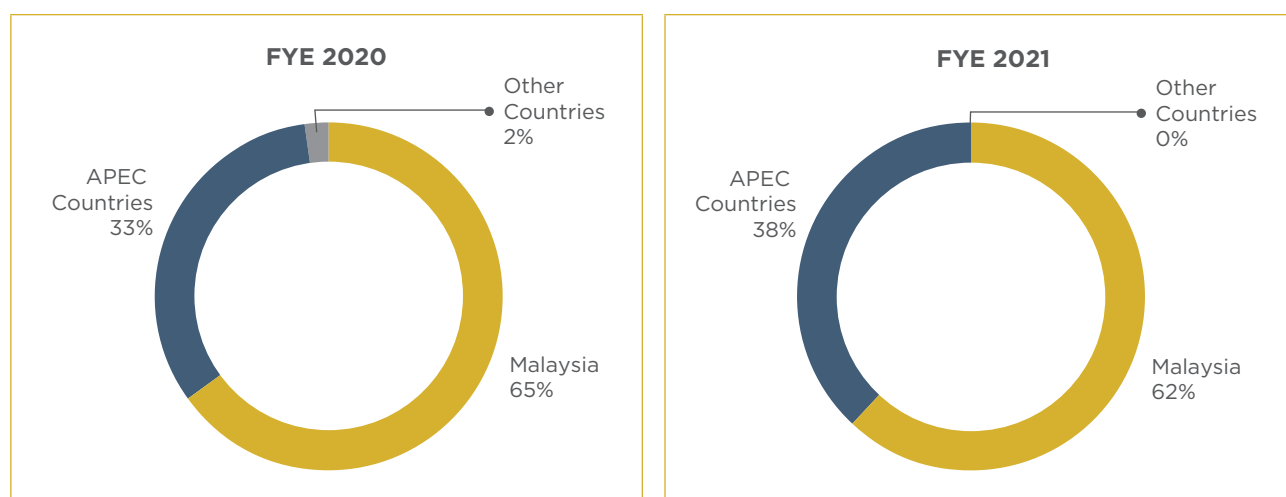


MANAGEMENT DISCUSSION & ANALYSIS

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Geographical Analysis

Group Revenue (RM'000)		
	FYE 2020	FYE 2021
Malaysia	500,997	466,070
APEC Countries	256,367	284,403
Other Countries	10,848	3,185



Dividend

The Group's ability to pay dividend is subject to financial performance and the operational requirements. Having taken into account the performance of the previous and current financial year together with the fluid situation of the Covid-19 pandemic, the Board has elected to maintain adequate funds to meet the operation requirements and to build a healthy capital base. The Board does not recommend any dividend in respect to the FYE 2021.

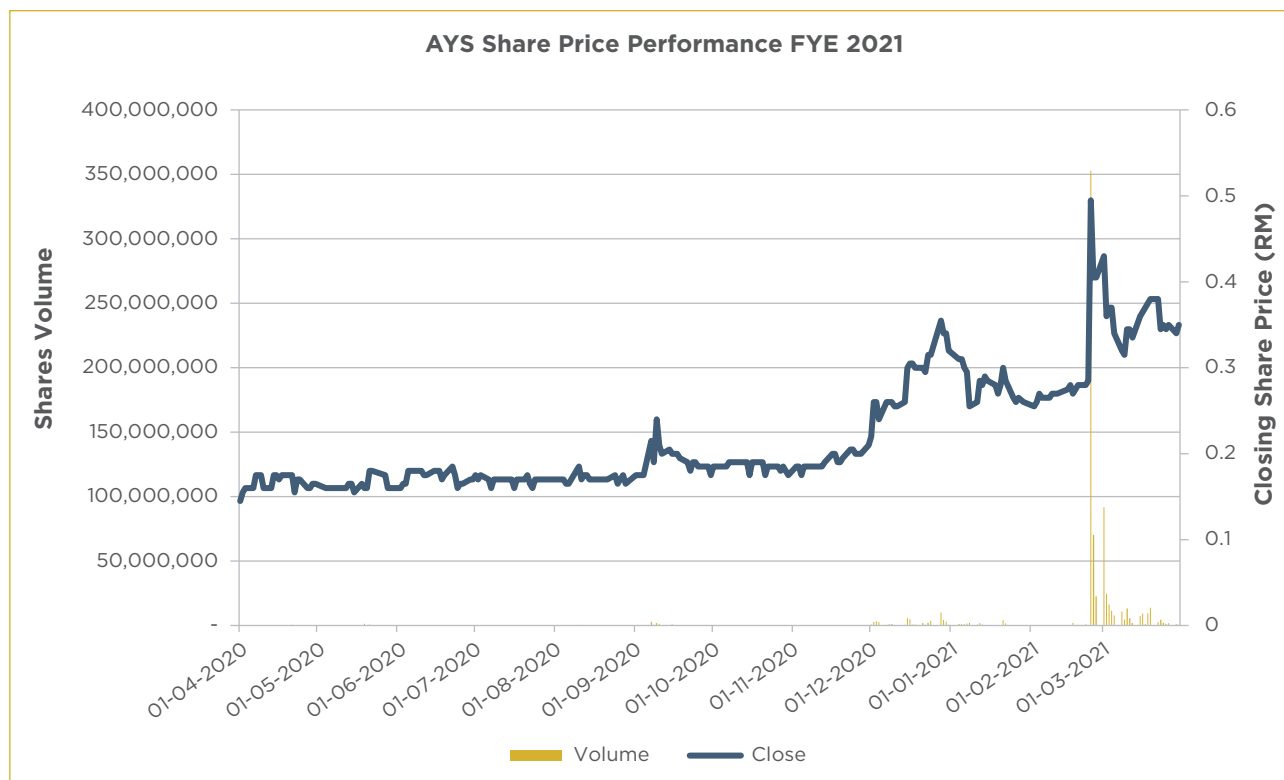
Share Price Performance

	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021
Market capitalisation (RM' million)	146.461	144.559	125.538	51.356	133.146
Trading volume (' million)	215.652	577.773	43.116	27.503	799.181
Closing Price (RM)	0.385	0.380	0.330	0.135	0.350
Highest Closing Price (RM)	0.445	0.655	0.435	0.350	0.495
Lowest Closing Price (RM)	0.240	0.375	0.320	0.115	0.145
Dividend per Share (RM)	0.025	0.025	0.010	0.000	0.000
Basic Earnings/(Loss) per Share (RM)	0.073	0.062	0.041	(0.028)	0.050

MANAGEMENT

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Financial Calendar

August 25 2020

Announcement of 1Q report on consolidated results for the financial period ended 30 June 2020

November 24 2020

Announcement of 2Q report on consolidated results for the financial period ended 30 September 2020

February 23 2021

Announcement of 3Q report on consolidated results for the financial period ended 31 December 2020

May 31 2021

Announcement of 4Q report on consolidated results for the financial period ended 31 March 2021

July 29 2021

Announcement on Notice of Tenth AGM and issuance of Annual Report 2021

September 1 2021

Tenth Annual General Meeting

MANAGEMENT DISCUSSION & ANALYSIS

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BUSINESS REVIEW

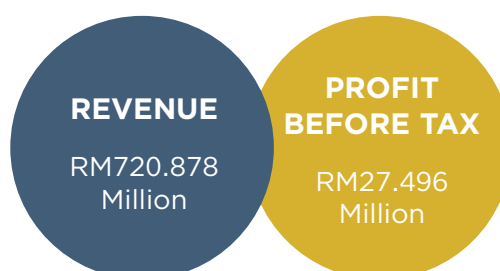
TRADING & SERVICES DIVISION

About the division

The Trading & Services division of the Group focuses on the trading and distribution of steel products and building materials in the region. The division operates in Malaysia and Singapore, with a combined warehouse area of over 20 acres, storing over 120,000 metric tons of materials.

Previously under AYS (FZ) Sdn. Bhd. ("AYSFZ"), the division operates a 160,000 square feet warehouse in the Port Klang Free Zone ("PKFZ"). However, taking into account of the operating expenses and the plan to consolidate the Group's warehouse operations ("Warehouse Rationalization Program"), the Group has decided to change AYSFZ's business model to property management, therefore leasing its warehouse to third party warehouse operators. With that, AYSFZ will be segmented under "Others" division from the next financial year onwards.

Performance



The Trading & Services division is the Group's core business and it contributes to over 95% of the Group's total revenue. Though the revenue saw a slight decrease of 2.4% from FYE 2020 due to the Covid-19 restrictions in the beginning of FYE 2021, the profits has increased by over fivefold due to higher average selling prices in line with global steel price trends as well as higher contributions from the Singapore subsidiary, Steelaris. The results are also a reflection of the division's procurement and marketing strategies.

Outlook & Prospects

Moving forward, global and regional steel demand, driven by economic recoveries and governmental policies is expected to gradually improve. The RM15 billion allocations in Budget 2021 have been earmarked for multiple mega infrastructure projects such as the Mass Rapid Transit Line 3 (MRT3), Gemas-Johor Double Tracking Project, Rapid Transit System from Johor Baru to Woodlands, the Klang Valley First Phase Double Tracking Project and Pan-Borneo Highway. Furthermore, private sector demands are also seeing positive signs of recovery. The construction of these projects will greatly drive domestic structural steel demand.

In Singapore, construction projects are projected to grow between SGD23 billion to SGD28 billion in 2021. This growth will be supported by public sector jobs especially in public housing, transport and healthcare infrastructure. The private sector projects are also expected to continue steadily. Some of the current running projects for the private sector include pharmaceutical factories and data centres. Apart from construction, Singapore remains a key hub for offshore rig and vessel conversion activities. With current global trends, we believe that more renewable energy jobs will continue to be awarded to local and global companies based in Singapore.

With current steel supply shortage and increasing commodity prices globally, we expect demand for the steel grades which AYS is supplying.

The Trading & Services division will continue to focus on consolidation of the Group's Warehouse Rationalization Program and to embrace digitisation to maximise productivity.

MANAGEMENT

DISCUSSION & ANALYSIS

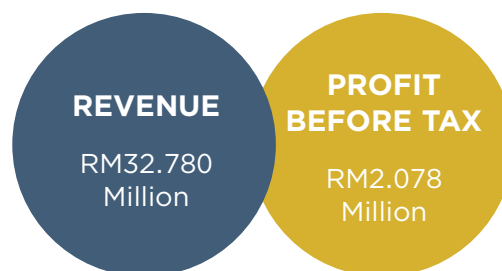
CONT'D

MANUFACTURING DIVISION

About the division

The Manufacturing division is involved in the manufacturing and marketing of steel purlins and structural steel components used in the steel construction industry. The division operates a state-of-the-art, industrial 4.0 ready manufacturing hub in Kapar, Klang. In the FYE 2021, the division ceased its loss-making pressed steel and fibre reinforced polyester sectional water tanks manufacturing business as result of a Group restructuring exercise.

Performance



The Manufacturing division contributed about 5% of the Group's total revenue. In the FYE 2021, this division saw an increase in revenue of 11.2% increase from the FYE 2020. The profit before tax also increased from a loss before tax of RM1.838 million in the FYE 2020. This increase was contributed primarily by the adoption of a new business strategy and restructuring exercise resulting in increased sales and improved productivity of the manufacturing facilities. The Manufacturing division produced an output of 12,518 metric tons of steel products in the FYE 2021.

Outlook & Prospect

The products that are manufactured by the division share the same outlook and prospects as the steel construction industry. The Group is optimistic on its performance for the upcoming financial year as catalysed by steel supply shortage and hike in global commodity prices. However, raw material prices and availability would possibly be hampered by the evolving situation of global steel market.

The Manufacturing division has adopted a new business strategy which aims to work alongside with customers in steel construction projects, providing end-to-end steel solutions from engineering design, material procurement, and fabrication to erection of steel structures to add value and at the same time help customers to create value by improved productivity and cost saving. Thus far, the strategy has been positively received in the industry and the division has successfully completed numeral projects in the FYE 2021.

The division will continue to develop in this business strategy as well as to focus on further productivity improvement activities. The Group will mobilise its strengths and create synergies to ensure that the division is poised for growth.

MANAGEMENT

DISCUSSION & ANALYSIS

CONT'D

OTHERS DIVISION

About the division

The Others division consists of an associated company, AOK Engineering Services Sdn. Bhd. ("AOK") which provides 3D Building Information Modelling (BIM) services to the construction industry, as well as investment holding and dormant companies. AOK was formed under a joint venture with Kondo Steel Corporation (Japan), Okaya & Co. Ltd. (Japan) and Okaya International (Malaysia) Sdn. Bhd. AOK currently operates a dedicated office in Damansara, Selangor, Malaysia.

Performance

The division has seen gradual improvements over the years and the losses are closing in smaller year on year. The losses are mainly from the expenses of the holding company. The share of result in the associated company registered profit in the current financial year.

Outlook & Prospects

With the Manufacturing division's new business strategy moving forward, AOK would act as the primary supplier to provide engineering services to create synergies amongst the Group. Its service and generated data resonates with the Group's strategy to serve as a one stop steel service provider. The service provided by the division is important to catalyse the growth of the group. With that, the Group will further explore opportunities within the division and strengthen its capabilities thereby increasing our value chain towards becoming the total solution provider, and we are hopeful that the results of the division will see further improvements in the next financial year.

SUSTAINABILITY STATEMENT

About This Report

As one of the market leaders in the distribution business of steel related products and building materials, AYS Ventures Bhd (“AYS” or “the Group”) understands its responsibility in promoting sustainability across our operations and practices. We are pleased to present our fourth Sustainability Statement in which we demonstrate our commitment to inculcating a culture of sustainability through our value chain. Through this sustainability statement, we highlight the strides we have made towards achieving sustainable business, even as we face the challenges brought upon by the COVID-19 pandemic head-on.

Reporting Scope and Boundary

The contents of this statement disclose the sustainability performance of our key subsidiaries as listed below:

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

This sustainability statement covers the Group’s strategies, initiatives, and performance on economic, environmental and social (“EES”) issues for the reporting period from 1 April 2020 to 31 March 2021, unless stated otherwise.

Reporting Framework and Guidelines

This statement has been prepared in accordance with the Bursa Malaysia Securities Berhad Listing Requirements and with reference to the Bursa Malaysia Sustainability Reporting Guide (2nd Edition). We have also aligned this statement to the reporting standards of the Global Reporting Initiative (GRI”).

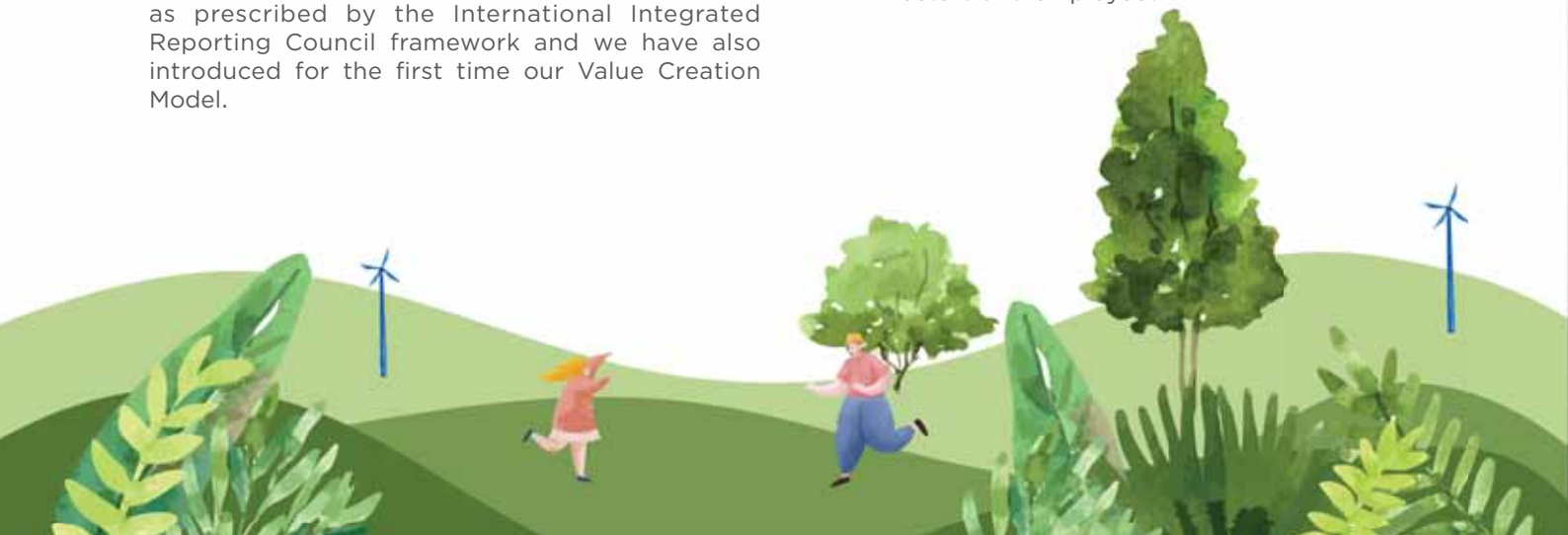
In an effort to evolve our reporting practice, we have incorporated introductory elements of Integrated Reporting (“IR”) in this statement. Our disclosures are reported according to the Six Capitals (i.e. Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural) as prescribed by the International Integrated Reporting Council framework and we have also introduced for the first time our Value Creation Model.

OUR COMMITMENT TO SUSTAINABILITY

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.

Our Environmental, Social and Governance Policy states our commitment to sustainability that:

- 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 investments.
- 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.



SUSTAINABILITY

STATEMENT

CONT'D

United Nations Sustainable Development Goals (“UNSDG”)

We adopted five UNSDGs which mapped from the EES risks and opportunities arising from our business operations in the past. This year, we maintained all five UNSDGs as they representing our aspirations and business direction to build an initiative to achieve our target. We also mapped the UNSDGs to the six capitals and relevant stakeholders. Please refer to Figure 1 for details.

Sustainability Target FY2021-2022

In FY2020, we set seven targets to monitor our sustainability performance, we achieved three out of the seven in FYE 2021. Due to the impact of COVID-19, we have put on hold our target for community development as we are unable to conduct programmes face-to-face during the pandemic.

Target	Achievement in FY2021
Zero fatality for all business operations	Achieved: Zero fatality case reported in FY2021
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.	Achieved: All employees gone through the requirements of the Anti-Bribery and Corruption Policy and are aware of the Group's stance and expectations towards anti-bribery and corruption.
Upgrade and implement certification for ISO 45001:2018	In-progress: The Group is at the final stage of upgrading the ISO 45001:2018, pending final audit process by certification body.



Target	Achievement in FY2021
Establish performance monitoring of air pollution control system	Achieved: Stack emission monitoring has been established and the result complied with the statutory permissible limits.
Construction of new covered warehouse with warehousing facilities	In-progress: The Group had acquired a piece of freehold land measuring approximately 23.510 acres in the FY 2021. The initial warehouse rationalization plan has been extended due to the new acquisition as mentioned above.
To integrate sustainability strategy and framework into oversea subsidiary's business operation	In-progress: The Group is still at the initial stage of integrating the sustainability strategy and framework into our oversea subsidiary's business operation.
Establish a CSR Task Force to develop a community development strategy	Target frozen in FY2021 as it is difficult to conduct social programmes involving physical interactions with the community due to the COVID-19 pandemic

SUSTAINABILITY

STATEMENT

CONT'D

Figure 1: United Nations Sustainable Development Goals




UNSDGs	Capitals	Relevant Stakeholders	Goals
<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> 	Human Social & Relationship	<ul style="list-style-type: none"> Employees Investors Regulators Customers 	Ensure healthy lives and promote well-being for all at all ages
<ul style="list-style-type: none"> We priorities safety and health in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health policy, in addition to various safety measures to protect our employees, customers, suppliers and vendors and the general public. We promote healthy lifestyles by organising programmes that focus on employee well-being and raising awareness on individual safety and health. We manage our wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste. We maintain incident record keeping, stringent monitoring and improved initiatives. 			
<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> 	Human Financial Social & Relationship	<ul style="list-style-type: none"> Employees Investors Regulators Customers Contractors Suppliers, Vendors and Bankers 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
<ul style="list-style-type: none"> The steady growth of our business over the years has allowed us to provide more employment opportunities, especially to locals, and to contribute to the development of the national economy. We provide competitive salaries to our employees in addition to training opportunities for growth and career development. 			

SUSTAINABILITY

STATEMENT

CONT'D

Figure 1: United Nations Sustainable Development Goals *Cont'd*

UNSDGs	Capitals	Relevant Stakeholders	Goals
	Human Social & Relationship	<ul style="list-style-type: none"> • Employees • Regulators 	Create fair opportunities and provide equal treatment to all employees regardless of race, gender, age or region
<ul style="list-style-type: none"> • Ensure equal opportunity and reduce inequalities of outcome to all employees regardless of race, gender, age or region. 			
	Nature Social & Relationship Manufactured	<ul style="list-style-type: none"> • Employee • Customers • Regulators • Suppliers, Vendors and Bankers • Local communities 	Ensure sustainable consumption and maintain product quality
<ul style="list-style-type: none"> • We practice the 3Rs (Reduce, Reuse, and Recycle) • We track water and energy usage at our office and warehouse besides implementing strategies to improve efficiency • We educate our workers and employees and carry out periodical site inspections to ensure disposal of hazardous waste in a proper manner, and ensure compliance with the Environmental Quality Act 1974 			
	Social & Relationship Manufactured	<ul style="list-style-type: none"> • Employees • Customers • Investors • Suppliers, Vendors and Bankers 	Maintain product quality certification and compliance to national and international regulations
<ul style="list-style-type: none"> • Established an Anti-Bribery and Corruption Policy • We maintain product quality certification to continuously meet and exceed customer expectations • We remain compliant to all relevant regulatory requirements 			

SUSTAINABILITY STATEMENT

CONT'D

SUSTAINABILITY GOVERNANCE

While the Board is primarily responsible for the Group's sustainability practices and performance, it is assisted by the Sustainability Steering Committee comprising representatives from all levels of the Group in managing the sustainability related matters. The 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



ROLES AND RESPONSIBLES

Board of Directors

- Oversees overall sustainability efforts implemented by the SSC and SWC
- Provide final approval for sustainability related matters
- Provides approval of the Group's annual sustainability statement

Sustainability Steering Committee

- Reports overall sustainability progress to the Board of Directors
- Seeks approval from the Board of Directors for sustainability initiatives recommended by the SWC
- Monitors sustainability efforts and progress implemented by the SWC

Sustainability Working Committee - Economic, Environmental and Social

- 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

SUSTAINABILITY

STATEMENT

CONT'D

FINANCIAL CAPITAL

Revenue RM753.658 MILLION
Profit Before Interest and Tax RM41.593 MILLION
Profit After Tax RM24.572 MILLION
Total Assets RM707.311 MILLION
Shareholders' Funds RM277.462 MILLION

* Group Financial Performance. Refer to Management Discussion & Analysis section for further details on financial performance.

HUMAN CAPITAL

CORPORATE GOVERNANCE

Sustainable business practices require sound corporate governance. In order to sustain long-term value creation and protect the interest of stakeholders, AYS's governance framework is guided by the Malaysia Code on Corporate Governance 2017. The detailed disclosure is presented on our Corporate Governance Overview Statement on pages 51 to 62 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. We have also made available our Code of Business Conduct to stakeholders through our corporate website.

Anti-Bribery and Corruption Policy and Whistleblowing Policy

We have developed a Group Anti-Bribery and Corruption ("ABC") Policy to reinforce basic principles of the Group on integrity and create anti-bribery culture with the Group. The ABC Policy applies to all Directors, employees and business associates who perform work on behalf of the Group. Our ABC Policy also outlines the expected behaviour and conduct of Directors, employees and business associates pertaining to gifts, hospitality and entertainment, donations and sponsorships, facilitation payments and more.

Also, we 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 our policies and practices. All complaints will be investigated and such breaches may lead to disciplinary measures, including dismissal. This year, we reviewed our Whistleblowing Policy and adopted some good practices as recommended by Good Practice Guide to Whistleblowing Policies issued by CPA Australia. For the year under reporting, the Group has received zero whistleblowing report via the whistleblowing reporting channel.

All existing employees have been briefed through the requirements of the policies and they are aware of the Group's stance and expectations as well as the procedures outlined in the policies. We have also made available both our ABC Policy and Whistleblowing Policy to stakeholders through our corporate website.

SUSTAINABILITY STATEMENT

CONT'D

OCCUPATIONAL SAFETY AND HEALTH

Ensuring the safety of our employees is of utmost importance to the Group. We strive to comply with relevant laws and legislations to ensure that health and safety in the workplace is not being compromised amid the COVID-19 pandemic 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.

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 comprising of first aiders, fire fighters and chemical spillage team. This Committee provides a platform for employees and employer to discuss and address health and safety issues. It is 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.

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 FY2021 are:-

- Safety signage: We place all required signage in designated areas.
- Fire drill: We conduct a fire drill once every two year for all employees.
- Health and Safety briefing: We conduct weekly and monthly 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.

Procedure to Operate Amid COVID-19 Outbreak

The COVID-19 pandemic has made an indelible mark on our daily lives and operations, as it has for all businesses around the world. We believe in the safety of our employees and also in our responsibility to maintain the safety of our customers and the communities in which we operate. With this mindset, we formulated a set of internal standard operating policies and procedures that govern how we work in the 'new normal'. The policies and procedures were prepared in line with regulations issued by the Ministry of Health, Ministry of International Trade and Industry, and other relevant regulatory body. Recommended practices such as physical distancing, wearing of face masks, and maintaining hygienic practices are detailed in the policies and procedures.

Due to our efforts to foster a safe work environment, we recorded zero major injury and a total of 104 hours of loss time injury ("LTI"). Our Lost Time Injury Frequency Rate ("LTIFR") for this year recorded at 181.34. Investigations and corrective actions were immediately undertaken following the incidents.

In FY2021, we maintained our target for zero fatality case. 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.

	FY2021	FY2020	FY2019
LTI	104	976	1104
LTIFR	181	1329	1578

ZERO fatality case



SUSTAINABILITY STATEMENT

CONT'D

TALENT MANAGEMENT

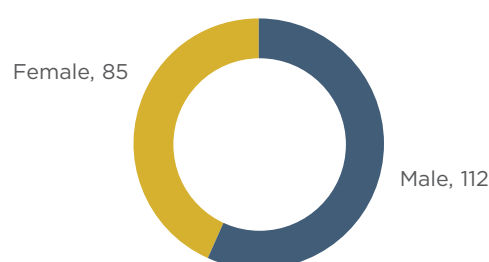
Employee Distribution

At AYS, we believe that diversity and inclusiveness will instill 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 mostly of male employees (57%) compared to female employees (43%) due 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.

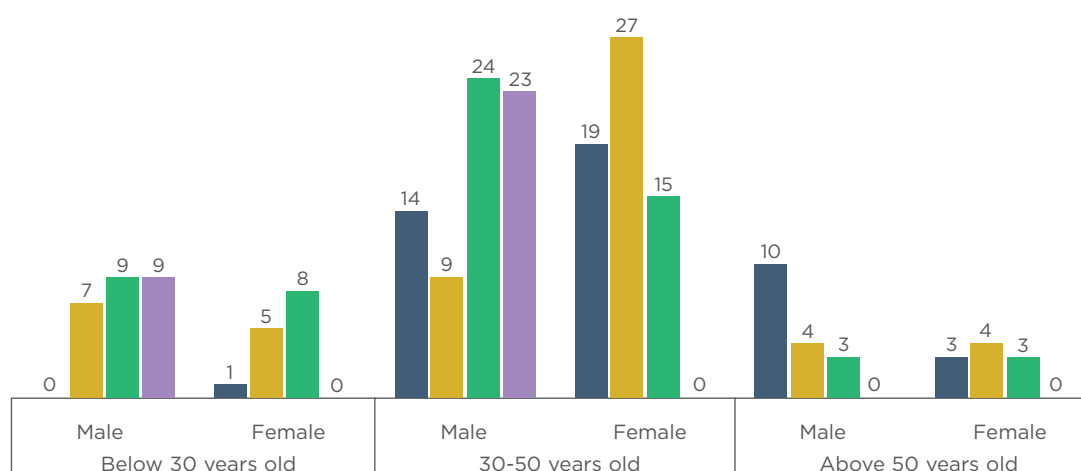
PERCENTAGE OF EMPLOYEE BY GENDER



The Group's total employee distribution by gender, age and employment category for FY2021 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 (66%). This group is made up of experienced and skilled employees and we are committed to further build their knowledge and skills in the future.

Overall Employee Distribution for FY2021

■ Management ■ Executive ■ Non-Executive ■ Non-Executive-FW



Training and Development

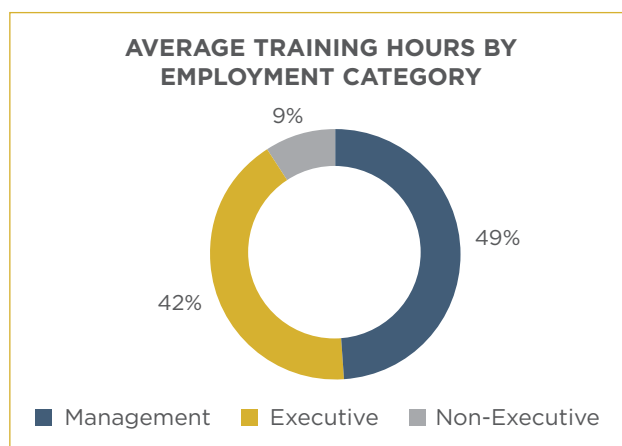
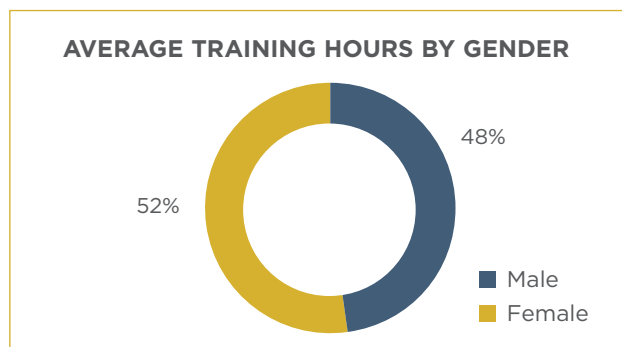
AYS firmly believes that the creation of long-term value and knowledge sharing amongst our employees is a significant driver of business excellence. As such, we place great importance on developing our workforce through training programmes aimed at improving product knowledge, providing updates on current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

However, in FY2021, due to the impediments brought upon by the COVID-19 pandemic, the Group only provided a total of 92.35 hours of training. Nevertheless, we will strive to ensure our employees continue to be equipped with the latest skillsets and competencies which drive innovative ideas and allow for continuous deliverance of excellence.

SUSTAINABILITY STATEMENT

CONT'D

Our female employees (52%) participated in more hours of training programmes compared to male employees (48%) in FY2021. In terms of employment category, our management team underwent the most training hours (49%) compared to our executives (42%) and non-executives (9%).



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 FY2021, our average monthly turnover rate is at 2.67% after averaging the turnover rate for all 12 months from April 2020 to March 2021. We will strive to ensure staff turnover rate maintaining at relatively low level.

Turnover Rate		
FY2021	FY2020	FY2019
2.67%	1.15%	2.31%

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.

Leave Entitlement <ul style="list-style-type: none"> • Annual • Medical • Hospitalization • Marriage • Maternity & Paternity • Bereavement, calamity • Examination and study • Prolonged illness 	Incentives: <ul style="list-style-type: none"> • Monthly Full Attendance • Shift and meal allowance • Annual Bonus
Insurance: <ul style="list-style-type: none"> • Medical • Group Personal Accident • Hospital & Surgical 	Others: <ul style="list-style-type: none"> • Company Mobile Phone • Travel Allowance • Company Vehicles for Directors • Membership Subscriptions to Professional Associations • Monthly Sports & Recreational Activities

Performance Management and Employee Engagement

AYS 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.

SUSTAINABILITY

STATEMENT

CONT'D

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.

Due to the impediments brought upon by the COVID-19 pandemic, the recreational and sports activities has been halted. Activities that we organised in FY2021 is more towards to the safety & health related activities.

MANUFACTURED CAPITAL

Trading & Services

AYS is one of the leading steel and construction materials distributor in the region with over 20 acres of warehousing land and a capacity of 120,000 metric tonnes of storage capacity. With its spacious and well-equipped warehouses, AYS trade in large variety of flat and long steel products of various grades and dimensions.

In addition, our modern warehouse facility consisting of 160,000 square feet covered warehouse strategically located in Port Klang Free Zone (PKFZ) with direct connection to the wharf of West Port at Port Klang.

Manufacturing

AYS operates with its state-of-the-art industrial 4.0 ready factory with 20,000 metric tonnes of annual capacity, covering over 10,000 meter square of workshop area to provide pre-fabricate steel structure components by a fully automated CNC cut & drill process including shot blast & shop prime. It manages project by integrating BIM model, process precisely, tracking all components information till assembly.

Our cold roll forming manufacturing facility with 8400 metric tonnes of annual capacity will be able to meet production order for both local and overseas markets. All YODOFORM sections are precisely cold-formed from imported high tensile zinc coated steel and conforms to all international standards.

INTELLECTUAL CAPITAL

Intellectual capital is an intangible asset that contributes to the Group's bottom line. These assets include the expertise of employees, organizational processes, and the sum of knowledge contained within the Group.

AYS has strong presence in the regional markets, with more than 38 years of history, and has identified itself as one of the market leaders in the distribution business of steel related products and building materials. The YODOFORM 'Z' and 'C' sections are precisely cold-formed from imported high tensile zinc coated steel which conform to all international standards.

Our human capital, core values, vision and mission statement, company policies and procedures, work culture, and its organizational structure also create values and contribute to an improved competitive position for the Group.

NATURAL CAPITAL

AYS 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.

Our 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 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, recycle) as part of waste management protocol

SUSTAINABILITY

STATEMENT

CONT'D

Energy and Water

Electricity is the main source of energy consumed at our workplace. Although natural capital is not a material input in our workplace, we are committed to energy and water conservation; we continuously monitor 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.

Energy Conversation Initiative:

- 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

Water Conservation Initiative:

- 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

Electricity Consumption (kWh)

Location	FY2021	FY2020	FY2019
Lot 6488	386076	446230	439259
Bukit Raja	76894	73855	59374
Lot 3846	425860	531304	551240
Lot 3845	56440	96751	111130
PKFZ	64343	97616	105371
Total	1009613	1245756	1266374

The overall energy reduction is mainly attributed to our employees working from home during the MCO period. Various energy conservation initiatives that were undertaken during the year may also contributed to the reduction in energy consumption.

Water Consumption (Cubic Metre)

Location	FY2021	FY2020	FY2019
Lot 6488	19776	14524	10569
Bukit Raja	817	2075	2045
Lot 3846	7103	8609	7153
Lot 3845	3688	4572	4408
PKFZ	825	1379	939
Total	32209	31159	25114

The overall increase in water consumption is mainly due to increase in the frequency in cleaning and housekeeping activities during the pandemic period.

Environmental Monitoring

To ensure we continue to operate within permissible regulatory limits, our business operations are subjected to periodical environmental monitoring. Through monitoring activities, we evaluate the impact on air quality and noise. We ensure we abide by regulatory requirements and are able to develop measures to limit our environmental impacts. In FY2021, our air quality emission evaluated by external consultant and the results are satisfactory.

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, the scheduled waste from our manufacturing processes 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.

SUSTAINABILITY

STATEMENT

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Scheduled Waste (KG)

	FY 2021	FY 2020	FY 2019
SW 409	2183	1197.5	108
SW 410	10	158	441
SW417	1338	1114	-
SW 306	310	-	-

Waste Code	Name of Waste
SW 409	Contaminated paint containers
SW 410	Contaminated gloves & rags
SW 417	Waste of paints
SW 306	Spent of hydraulic oil

SOCIAL AND RELATIONSHIP CAPITAL

Customer Engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. AYS 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. We received more than 78% satisfactory rate from our customers who are satisfied with the service we provide.

- **Events and Activities**

We invite customers for our company events and also support customers for their events. However, due to the COVID-19 pandemic, most of the company events has been put on halt.

- **Meeting**

Our sales & marketing team frequently interacts with customers to ensure that we keep abreast of the latest developments and market trends. It is our intention to reduce physical interaction during the COVID-19

pandemic, however, if physical interaction is unavoidable, our sale & marketing team shall strictly comply to our internal COVID policies and procedures, and also to comply with customer's COVID-19 related procedures.

- **After Sale Services**

Our team provides and shares technical knowledge on the products when required.

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.

Economic	<ul style="list-style-type: none"> ✓ Employment Act 1955 ✓ Companies Act 2016 ✓ Minimum Wage Order 2016
Environmental	<ul style="list-style-type: none"> ✓ Environmental Quality Act 1974 ✓ Environmental Quality (Scheduled Wastes) Regulations 2005 ✓ Environmental Quality (Clean Air) Regulations 2014
Social	<ul style="list-style-type: none"> ✓ Fire Services Act 1988 ✓ Occupational Safety and Health Act 1994 ✓ Factories and Machinery Act 1967

In FY2021, we recorded zero non-compliances with environmental laws and regulations.

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 as part of an annual assurance to our stakeholders on our commitment towards meeting our customer requirements.

SUSTAINABILITY STATEMENT

CONT'D

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 three subsidiaries. These certifications are accredited by Standards Malaysia and the United Kingdom Accreditation Service (UKAS) and certified Bureau Veritas Certification (Malaysia) Sdn Bhd.

Supply Chain Management

Effective supply chain management is important in ensuring we deliver quality products to our customers and continue to facilitate sustainable business growth. Prior to appointment, all suppliers and vendors undergo a screening process against a set of criteria to ensure parties will be able to deliver quality products. Once appointed, all suppliers and vendors are subject to regular performance evaluations to ensure we continuously engage with high-performing partners who are able to assist us in meeting customer expectations.

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 is mainly from international suppliers, mainly due to product availability that the local suppliers unable to supply and cost efficiency. Our AYSFZ, AYSM and CHY obtain majority of its products from local suppliers, therefore ensuring that local business continues to profit as the Group grows its business value chain.

	FY 2021		FY 2020		FY 2019	
	L	NL	L	NL	L	NL
	%	%	%	%	%	%
AYSFZ	100	-	100	-	100	-
AYSM	100	-	100	-	100	-
CHY	55	45	34	66	33	67
AYSH	12	88	12	88	4	96

*L = Local, NL = Non-Local

Community Development

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.

The Group also has a small group of enthusiastic employees who undertakes various types of voluntary initiatives to undertake the community programmes. However, due to the COVID-19 pandemic, all the planned programmes were put on hold.

Our weekly recycling programmes with an aimed to reduce office waste and reuse existing products to emphasise the importance of recycling practices to the environment is also temporary put on hold during the MCO period. Nonetheless, we will monitor the development of the pandemic and if situation permits, we will resume all the planned programmes in order for us to contribute to the development of the communities where we operate.

CONCLUSION

Although 2020 has brought on unprecedented challenges, we took them as an opportunity to rethink and redesign the way we work to make success a possibility in the 'new normal'. This includes innovative solutions to enable the Group to continue enhancing our sustainability performance across our operations, despite movement restrictions. Though we have to make changes to the way we carry out our day-to-day operations, we are pleased with the positive results of our initiatives.

As we journey into the next year, we will continually keep abreast of developments in our industry, actively and regularly engage with 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2017 (“the Code”) in its effort to observe high standards of transparency, accountability and integrity.

During the financial year ended 31 March 2021 (“financial year 2021”), 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 Senior Group Managing Director 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

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 the Senior Group Managing Director are segregated. The Chairman is primarily responsible for the proper conduct and working of the Board whilst the Senior 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 Senior 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 the Senior 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 Main Market Listing Requirements ("Listing Requirements").

Board Composition and Balance

During the financial year 2021, the Board comprised of four (4) Independent Non-Executive Directors and three (3) Executive Directors and a Non-Independent Non-Executive Director. The Board's composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad that requires at least one-third of the Board to comprise of independent directors. The Board had applied Practice 4.1 of the Code which requires at least half of the Board to comprise of independent directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

Board Composition and Balance *Cont'd*

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 Board had conducted an appraisal on the independence of Tuan Haji Mohd. Sharif Bin Haji Yusof, Ms Seow Nyoke Yoong and En Mohamad Fazlin Bin Mohamad, who have served for a cumulative of more than nine (9) years as Independent Non-Executive Directors. The Board concluded that they have met the independence criteria set out in the listing requirement, their independence have not been affected by their long tenure as they have demonstrated their ability to exercise independent judgement, provide objective views and act in the best interest of the Group. The Board has in the financial year 2021 adopted the Practice 4.2 to 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. However, the Company had indicated in the Board Charter of the aim to maintain at least two (2) women directors on the Board. 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 2021, women directors form 25% of the Board members. The age of the Directors ranges from 41 to 82 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 2021, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

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 five (5) Board of Directors' Meetings held during the financial year ended 31 March 2021. 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	5/5	100
Seow Nyoke Yoong	5/5	100
Mohamad Fazlin Bin Mohamad	5/5	100
Dato' Wan Hashim Bin Wan Jusoh	5/5	100
Oh Chiew Ho	5/5	100
Oh Yung Sim	5/5	100
Oh Pooi Foon	5/5	100
Toh Tuan Sun	5/5	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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

Appointment to the Board *Cont'd*

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 2021.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

Directors' Training *Cont'd*

The following Directors have attended external training courses and programmes during the financial year 2021.

Director	Training attended	Date
Haji Mohd. Sharif Bin Haji Yusof	Key Disclosure Obligations of a Listed Company - Financial Reporting (Virtual)	13 August 2020
	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	ARMB's Anti-Bribery & Anti-Corruption Policy (Virtual)	21 October 2020
	Corporate Governance Monitor 2020	24 November 2020
Oh Chiew Ho	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	Corporate Governance Monitor 2020	24 November 2020
Oh Pooi Foon	Judicial Management A Corporate Rescue Mechanism in Malaysia	23 April 2020
	Sales Success In The New Normal	14 May 2020
	POST COVID - 19 ACTION : Anti-microbial Coating, The Next Normal In The Construction Industry and Future Development	12 June 2020
	Market Access Service	30 June 2020
	Preparing for stronger business in the new norm -your role as NextGen	28 July 2020
	The impact of COVID-19 on Malaysia's digital economy: Transforming challenges into opportunities	6 August 2020
	Upskilling and reskilling: Strategies to prepare the workforce of today and tomorrow	15 August 2020
	The future of the 'experience economy' Charting a path towards resurgence	18 August 2020
	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	Captains' Forum: Transformation towards recovery	25 September 2020
	SCG International : Global Update 2020	23 November 2020
	Corporate Governance Monitor 2020	24 November 2020
	Webinar on Transfer Pricing	8 December 2020
	Budget 2021 Tax Highlights	29 December 2020
	[CROWE EXPERT HOUR] Preserving Family Businesses	12 March 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

Directors' Training *Cont'd*

Director	Training attended	Date
Oh Yung Sim	[CROWE EXPERT HOUR] Preserving Family Businesses	12 March 2021
	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	Corporate Governance Monitor 2020	24 November 2020
Toh Tuan Sun	2020 Seaisi E-Conference	30 June – 2 July 2020
	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	Corporate Governance Monitor 2020	24 November 2020
Seow Nyoke Yoong	Covid-19: Key Employer Obligations and Data Privacy Implications	13 March 2020
	Covid-19: Understanding Force Majeure: Assessing your Legal Position	24 March 2020
	Covid-19 and Supply Chains: Navigating the Immediate, Changing Mid and Longer	8 April 2020
	Corporate Liability under Covid-19 – Are We Ready?	10 April 2020
	Judicial Management – A Corporate Rescue Mechanism	23 April 2020
	Tax Impact of Covid-19	24 April 2020
	Applying Business Continuity Management To Survive and Thrive Beyond Covid-19	13 May 2020
	What are the Temporary Relief Measures for Listed Issuers during Covid-19 Pandemic	15 May 2020
	Corporate Liability Provision under the Section 17A of the Malaysian Anti-Corruption Act 2009	1 June 2020
	Strategizing Workforce Post Covid-19 – Transforming Learning through Technology	13 August 2020
	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	Captain's Forum: Transformation towards Recovery – Financial Resilience	25 September 2020
	Captain's Forum: Transforming towards Recovery – Operational Resilience	9 October 2020
	Managing Recovery and Resilience	12 November 2020
	Corporate Governance Monitor 2020	24 November 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

Directors' Training *Cont'd*

Director	Training attended	Date
Mohamad Fazlin Bin Mohamad	Developing Inclusive Leaders : Tips for Success	16 March 2021
	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	Corporate Governance Monitor 2020	24 November 2020
Dato' Wan Hashim Bin Jusoh	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	25 August 2020
	Corporate Governance Monitor 2020	24 November 2020

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 2021 to review the Non-Executive Directors' fees and allowance, remuneration package, including the annual bonuses and increments of the Executive Directors and Key Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

Directors' Remuneration *Cont'd*

Details of Directors' remuneration for the financial year ended 31 March 2021 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	69.5	-	8.0	-	-	77.5
Seow Nyoke Yoong	70.0	-	7.0	-	-	77.0
Mohamad Fazlin Bin Mohamad	72.5	-	8.0	-	-	80.5
Dato' Wan Hashim Bin Wan Jusoh	67.5	-	7.0	-	-	74.5
Oh Chiew Ho	36.0	-	-	-	-	36.0
Oh Pooi Foon	36.0	-	-	-	-	36.0
Oh Yung Sim	36.0	-	-	-	-	36.0
Toh Tuan Sun	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	69.5	-	8.0	-	-	77.5
Seow Nyoke Yoong	70.0	-	7.0	-	-	77.0
Mohamad Fazlin Bin Mohamad	72.5	-	8.0	-	-	80.5
Dato' Wan Hashim Bin Wan Jusoh	67.5	-	7.0	-	-	74.5
Oh Chiew Ho	36.0	1,937.9	-	361.6	28.0	2,363.5
Oh Pooi Foon	36.0	474.4	-	90.8	28.0	629.2
Oh Yung Sim	36.0	476.8	-	90.8	24.0	627.6
Toh Tuan Sun	36.0	551.3	-	105.3	12.6	705.2

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

I. Board Responsibilities *Cont'd*

Directors' Remuneration *Cont'd*

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 five (5) senior management personnel as its key senior management (their names and respective profile as stated on pages 12 and 13 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.

The Company 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 2022.

The assessment of performance of the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *Cont'd*

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.

Code of Business Conduct, Whistleblowing Policy and Anti-Bribery & Corruption Rules

A Code of Business Conduct was adopted by the Group in year 2013 that sets out certain fundamental commitments that the Company make to its various stakeholders including managing conflicts of interest, prevention of abuse of powers, insider trading as well as prevention measures on corruption and money laundering.

The Group advocates openness and transparency in its commitment to the highest standard of integrity and accountability. The Whistleblowing Policy serves as a tool in preventing misconduct and the Company encourages the employees or other stakeholders to make any disclosures openly and honestly and that concerns or complaints raised will be treated fairly and properly. Employees and Stakeholders have the option to make whistleblowing reports in strict confidence and all disclosures made will be dealt in a confidential manner.

The Group take a zero-tolerance approach towards bribery and corruption, and is committed to behaving professionally, fairly and with integrity in all business dealings and relationships wherever the Group operates. All employees and Directors of the Group shall comply with all applicable anti-bribery and corruption laws and regulations in their respective jurisdictions. All persons who perform services for or on behalf of the Group are expected to comply with the relevant parts of the Anti-Bribery and Corruption Policy ("ABC Policy") when performing such work or services. The ABC Policy sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group. The objective of the ABC Policy is to provide information and guidance on standards of behavior to which they must adhere to and how to recognize as well as deal with bribery and corruption.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *Cont'd*

Statement of Directors' Responsibility for Preparing Financial Statements *Cont'd*

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2021, 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

The Company 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 2020, all Directors, including members of AC, NC and RC, attended and participated in the AGM, save for Ms Seow Nyoke Yoong due to travel restrictions as she is residing in Australia.

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.

AUDIT COMMITTEE REPORT

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 2021, 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:

Financial Reporting and Compliance

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

Risk Management and Internal Audit

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

AUDIT COMMITTEE REPORT

CONT'D

FUNCTIONS OF AUDIT COMMITTEE *Cont'd*

Risk Management and Internal Audit *Cont'd*

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 the scope of internal audit function to ensure it is sufficient enough to be able to provide relevant assurance on the adequacy and operating effectiveness of the Company's governance risk and control processes as promulgated by the Statement of Risk Management and Internal Control;
10. To review any appraisal or assessment of the performance and to approve any appointment, resignation or termination of the outsourced internal auditor service provider;

Statutory and Non-Statutory Audit

11. 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;
12. To review any matters concerning the appointment and re-appointment, audit fees and any questions of resignation, dismissal or removal of the External Auditors;
13. To review factors related to the independence and objectivity of External Auditors and their services including non-statutory audit services;
14. 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

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

AUDIT COMMITTEE REPORT

CONT'D

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2021, 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 2020 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 2020 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 2020 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 and the Follow-up Internal Audit Report;
- ❖ Reviewed the appointment of a separate service provider, Tricor Axelasia Sdn Bhd to render services for a special Internal Audit Review of an overseas subsidiary;
- ❖ Reviewed and discussed the half-yearly Enterprise Risk Management Reports for the period of January to June 2020 and July to December 2020;
- ❖ 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 related party transaction and recommended to the Board of Directors for consideration and approval;
- ❖ Reviewed the performance of the Group; and
- ❖ Reviewed the progress of the Corruption Risk Assessment in accordance to 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 internal audit function is outsourced to an independent advisory firm, UHY Advisory (KL) Sdn Bhd ("UHY") to perform the independent risk-based internal audit review on the key operational areas of the Group. Their main role is to undertake independent and systematic review of the system of internal controls so as to provide independent assurance on the adequacy and effectiveness of risk management, internal controls and governance process of the Group. UHY has no line of responsibility or authority over any operational or administrative function and is independent of the activities it audits.

UHY adopts an international methodology, which is in compliance with the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). The independence of UHY is reviewed on a yearly basis. UHY is required to declare if any conflict of interest exist where an annual confirmation is sought from them that all of their staff on the job are free from any relationships or conflict of interest with the Group which could impair their objectivity. UHY had confirmed to the Audit Committee of their independence and there is no conflict of interest. The performance and competency of was assessed by the Audit Committee on 29 May 2021.

AUDIT COMMITTEE REPORT

CONT'D

ACTIVITIES OF THE AUDIT COMMITTEE *Cont'd*

Internal Audit Function *Cont'd*

The Internal Audit Plan was developed together with UHY on an annual basis based on the Group wide risk assessment. The Internal Audit Plan was presented and approved by the Audit Committee on 25 August 2020. The audits were executed based on a risk-based approach and the audit outcome were communicated to the Audit Committee during the quarterly reporting.

UHY's deliverables covers the areas concerning internal control processes highlighting the causes, findings, weaknesses, recommendation and management's corrective action plan, if any. For the financial year ended 31 March 2021, the areas audited were the Credit Control function and the Investment Proposal. The scope of the review covered :

Credit Control function	<ul style="list-style-type: none"> • Review of the established policies & procedures are approved; conveyed and adhered by the Group. • Review of each trade credit are approved by authorised personnel; • Review of adequate monitoring of debts and collection activity; • Review of the adequate controls in place for Accounts Receivable activity; and • Review of the recovery action are adequately monitored.
Investment Proposal	<ul style="list-style-type: none"> • Review of the effectiveness of monitoring over investment proposal adopted by the Group; • Evaluate the achievement (quantitative) of target entity on investment proposal adopted by the Group. • Assess the challenges/causes affecting the achievement (if any). • Ensure action plan are duly taken to resolve challenges/causes affecting the achievement.

The Audit Committee concurred with the findings and recommendation for the credit control function to be strengthened. The explanation provided by Management on the deviations from the original investment proposal targets were found to be reasonable given the changes in social and economic circumstances.

UHY conducts follow-up review with Management on all agreed corrective actions on audit issues to ascertain if Management has resolved the concern on the key risks and weaknesses identified during the internal audit on a timely basis. The status of corrective actions is reported to the Audit Committee on a quarterly basis.

For the overseas subsidiary, Steelaris Pte Ltd, the Company engaged another service provider to do a special review on the operating processes for warehouse & inventory management, procurement management (including logistics), billing, credit control & collection, and sales & marketing. The Audit Committee agreed that enhancement be made to the approving authority governance in the different operating systems that are in used.

The professional fees incurred for the internal audit function in respect of the financial year ended 31 March 2021 for the Group amounted to RM62,457.00.

NOMINATION COMMITTEE REPORT

COMPOSITION

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

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)

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.
- (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 twice during the financial year ended 31 March 2021.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2021, 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;
- d. discussed and recommended the re-election of retiring Directors;
- e. assessed the independence of the Independent Directors and long-serving Independent Directors;
- f. reviewed the organization structure of the Group; and
- g. reviewed the promotion/re-designation of the Executive Directors.

NOMINATION COMMITTEE REPORT

CONT'D

ACTIVITIES OF THE NOMINATION COMMITTEE *Cont'd*

The Nomination Committee upon its annual assessment carried out for financial year 2021, 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 2021 that is relevant and would serve to enhance their effectiveness in the Board.

The assessment was carried out internally by the Nomination Committee and the Board as a whole facilitated by the Company Secretary. The Nomination Committee agreed that the assessment done indicated a high level of compliance and integrity and no changes to the Board composition was required.

The Nomination Committee, save for the Nomination Committee member who has abstained from assessing his or her own position as an independent director has assessed the independence of the long-serving Directors, namely, Tuan Haji Mohd. Sharif Bin Yusof, Ms Seow Nyoke Yoong and En Mohamad Fazlin Bin Mohamad, who have served the Board for a cumulative term of more than nine (9) years and recommended to the Board for approval with the following justification:

- 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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's "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.

Internal Review and Audit

The Group's internal audit function is outsourced to an 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT *Cont'd*

Internal Review and Audit *Cont'd*

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.

Review of the Statement by External Auditors

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 ("AAPG") 3 issued by the Malaysian Institute of Accountant ("MIA") for inclusion in the annual report for the year ended 31 March 2021. 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 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no corporate proposal undertaken during the financial year.

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 2021 is as follows:-

	Audit Fees	Non-Audit Fees
Company Level	RM16,000	RM5,000
Group Level	RM114,500	RM5,000

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.



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

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 profit/(loss) for the financial year	24,572	(644)
Attributable to:-		
Owners of the Company	19,004	(644)
Non-controlling interests	5,568	-
	24,572	(644)

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

There were no dividends proposed, declared or paid by the Company since the end of the previous 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

* Directors of the Company and certain subsidiaries

DIRECTORS' REPORT

CONT'D

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
Oh Yung Kwan
Ang Tee Seng

DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are disclosed in Note 31 to the financial statements.

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 31 March 2021
	At 1 April 2020	Bought	Sold	
Direct interests				
Toh Tuan Sun	485,000	309,000	-	794,000
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.

DIRECTORS' REPORT CONT'D

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 premium paid for indemnity given to the Directors and Officers of the Group and of the Company amounted to RM10,700.

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

DIRECTORS'

REPORT

CONT'D

OTHER STATUTORY INFORMATION *Cont'd*

In the opinion of the Directors:- *Cont'd*

- (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, as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 31 March 2021 are disclosed in Note 28 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 March 2021.

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
1 July 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 82 to 156 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 2021 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
1 July 2021

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 82 to 156 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 Klang,)
this 1st day of July 2021)

TAY YEW THIAM
(MIA NO: 11391)
CHARTERED ACCOUNTANT

Before me:

Tee Hsiao Mei
No: B 272

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members of AYS Ventures Berhad

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 2021 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 82 to 156.

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 2021, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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
<p>Valuation of inventories (Note 10 to the financial statements)</p> <p>The inventories balance amounting to RM278,048,000 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.</p>	<p>Our audit procedures in relation to the valuation of inventories included:</p> <ul style="list-style-type: none"> • 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.

INDEPENDENT AUDITORS'

REPORT

To The Members of AYS Ventures Berhad
CONT'D

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

Key Audit Matters *Cont'd*

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>Impairment of goodwill on consolidation (Note 9 to the financial statements)</p> <p>The aggregate carrying value of the Group's goodwill amounting to RM6,039,000 as at 31 March 2021.</p> <p>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.</p> <p>The impairment assessment performed by management involved significant degree of judgement in estimating the assumption on growth rate and discount rate used.</p>	<p>With respect to the appropriateness of the key assumptions used in the value in calculation, we performed the following procedures:</p> <ul style="list-style-type: none"> 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.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the 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.

INDEPENDENT AUDITORS' REPORT

To The Members of AYS Ventures Berhad
CONT'D

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

Responsibilities of the Directors for the Financial Statements Cont'd

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.
- 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.

INDEPENDENT AUDITORS' REPORT

To The Members of AYS Ventures Berhad
CONT'D

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary 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
1 July 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	82,099	101,503	-	-
Right of use assets	5	1,614	14,375	-	-
Investment properties	6	43,878	30,368	-	-
Investment in subsidiaries	7	-	-	160,250	160,100
Investment in an associate	8	25	-	-	-
Goodwill on consolidation	9	6,039	6,039	-	-
Total non-current assets		133,655	152,285	160,250	160,100
Current assets					
Inventories	10	278,048	336,300	-	-
Trade receivables	11	238,639	219,162	-	-
Other receivables	12	21,547	11,011	24	24
Amount due from subsidiaries	13	-	-	33,893	34,744
Derivative financial instruments	14	675	1,840	-	-
Tax recoverable		3,264	6,754	-	-
Short term deposits with licensed banks	15	7,500	280	-	-
Cash and bank balances		23,983	35,308	12	14
Total current assets		573,656	610,655	33,929	34,782
Total assets		707,311	762,940	194,179	194,882
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	2,320	3,595	-	-
Merger deficit	18	(153,190)	(153,190)	-	-
Revaluation reserves	19	20,196	20,196	-	-
Foreign exchange reserves	19	(77)	(11)	-	-
Retained earnings		218,004	197,725	3,751	4,395
		277,462	258,524	193,960	194,604
Non-controlling interests	7(b)	1,160	(4,188)	-	-
Total equity		278,622	254,336	193,960	194,604

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021
CONT'D

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	6,443	6,734	-	-
Bank borrowings	21	15,435	21,151	-	-
Lease liabilities	22	13,717	12,774	-	-
Total non-current liabilities		35,595	40,659	-	-
Current liabilities					
Trade payables	23	93,983	118,000	-	-
Other payables	24	20,100	13,295	219	278
Bank borrowings	21	277,783	334,227	-	-
Lease liabilities	22	1,228	2,423	-	-
Total current liabilities		393,094	467,945	219	278
Total liabilities		428,689	508,604	219	278
Total equity and liabilities		707,311	762,940	194,179	194,882

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	25	753,658	768,212	-	-
Cost of sales		(656,906)	(706,448)	-	-
Gross profit		96,752	61,764	-	-
Other income	26	5,910	2,486	-	-
Selling and distribution expenses		(12,156)	(12,051)	-	-
Administration expenses		(35,276)	(31,704)	(644)	(1,114)
Other expenses		(14,303)	(12,529)	-	(3)
Operating profit/(loss)		40,927	7,966	(644)	(1,117)
Finance income	27	774	920	-	-
Finance costs	27	(12,802)	(16,667)	-	-
Share of results of an associate	8	25	-	-	-
Profit/(Loss) before tax	28	28,924	(7,781)	(644)	(1,117)
Tax expense	29	(4,352)	(1,342)	-	-
Net profit/(loss) for the financial year		24,572	(9,123)	(644)	(1,117)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences for foreign operation		(66)	(11)	-	-
Total comprehensive income/(loss) for the financial year		24,506	(9,134)	(644)	(1,117)
Net profit/(loss) for the financial year attributable to:-					
Owners of the Company		19,004	(10,524)	(644)	(1,117)
Non-controlling interests		5,568	1,401	-	-
		24,572	(9,123)	(644)	(1,117)
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		18,938	(10,535)		
Non-controlling interests		5,568	1,401		
		24,506	(9,134)		
Earnings/(Loss) per share					
Basic earnings/(loss) per ordinary share attributable to owners of the Company (RM)	30	0.05	(0.03)		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

Group	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital RM'000	Capital reserve 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	
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	
Foreign currency translation differences for foreign operation	-	-	-	(66)	-	-	(66)	-	(66)	
Net profit for the financial year	-	-	-	-	-	19,004	19,004	5,568	24,572	
Total comprehensive income for the financial year	-	-	-	(66)	-	19,004	18,938	5,568	24,506	
Charged out upon deconsolidation of subsidiary	-	(1,275)	-	-	-	1,275	-	-	-	
Deconsolidation of subsidiary	-	-	-	-	-	-	-	(220)	(220)	
Balance at 31 March 2021	190,209	2,320	(153,190)	(77)	20,196	218,004	277,462	1,160	278,622	

For The Financial Year Ended 31 March 2021
CONT'D

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2021

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	28,924	(7,781)	(644)	(1,117)
Adjustments for:-				
Depreciation of property, plant and equipment	3,732	4,182	-	-
Depreciation of right of use assets	2,467	1,983	-	-
(Gain)/Loss on disposal of property, plant and equipment	(62)	15	-	-
Gain on disposal of right of use assets	(50)	-	-	-
Income from derecognised of right of use assets and lease liabilities	(4)	-	-	-
Adjustment due to lease modification	519	-	-	-
Property, plant and equipment written off	14	166	-	-
Impairment loss on property, plant and equipment	184	130	-	-
Loss on disposal of investment property	442	-	-	-
Loss on fair value adjustments on investment properties	1,360	928	-	-
Inventories written down	233	180	-	-
Impairment loss on trade receivables	1,313	1,901	-	-
Impairment loss on trade receivables no longer required	(53)	(36)	-	-
Bad debts recovered	(168)	-	-	-
Interest expense	13,443	17,148	-	-
Interest income	(774)	(920)	-	-
Unrealised (gain)/loss on foreign exchange	(160)	10	-	-
Share of results of an associate	(25)	-	-	-
Capital distribution from a former subsidiary	(1,733)	-	-	-
Loss on deconsolidation of a subsidiary	2,015	-	-	-
Operating profit/(loss) before working capital changes	51,617	17,906	(644)	(1,117)
Changes in working capital:-				
Inventories	58,020	32,681	-	-
Receivables	(33,625)	921	-	62
Payables	(16,198)	(39,164)	(59)	42

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2021
CONT'D

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES <i>Cont'd</i>					
Adjustments for:- <i>Cont'd</i>					
Cash generated from/(used in) operations		59,814	12,344	(703)	(1,013)
Tax paid		(1,509)	(5,833)	-	-
Tax refund		280	2,013	-	-
Interest paid		(13,443)	(17,148)	-	-
Interest received		774	920	-	-
Net cash from/(used in) operating activities		45,916	(7,704)	(703)	(1,013)
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital distribution from a former subsidiary		1,733	-	-	-
Net cash outflow in deconsolidation		(184)	-	-	-
Purchase of property, plant and equipment		(577)	(611)	-	-
Purchase of right of use assets	A	(32)	(15)	-	-
Purchase of investment properties		-	(5,001)	-	-
Net cash inflow on acquisition of subsidiary	7(a)	-	2,897	(150)	-
Proceeds from disposal of property, plant and equipment		1,168	133	-	-
Proceeds from disposal of right of use assets		50	-	-	-
Proceeds from disposal of investment properties		13,020	-	-	-
Withdrawal of short term deposits with licensed banks		13,680	20,800	-	-
Placement of short term deposits		(13,680)	(20,800)	-	-
Repayment from subsidiaries		-	-	851	4,785
Net cash from/(used in) investing activities		15,178	(2,597)	701	4,785

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2021
CONT'D

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	(3,804)	-	(3,804)
Dividends paid to non-controlling interest	-	(180)	-	-
Payment of principal portion of lease liabilities	(2,278)	(1,886)	-	-
Net repayment of bankers' acceptance/trust receipts	(51,943)	(12,148)	-	-
(Repayment)/Drawdown of onshore foreign currency loans	(12,747)	12,847	-	-
(Repayment)/Drawdown from revolving credit	(10,118)	30,298	-	-
Proceeds from/(Repayment) of term loan	15,419	(616)	-	-
Net cash (used in)/from financing activities	(61,667)	24,511	-	(3,804)
CASH AND CASH EQUIVALENTS				
Net changes	(573)	14,210	(2)	(32)
At beginning of financial year	32,307	18,022	14	46
Effect on foreign exchange differences	(251)	75	-	-
At end of financial year	B 31,483	32,307	12	14

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF RIGHT OF USE ASSETS

The following are the reconciliation of cash additions of right of use assets and lease liabilities:-

	Right of use assets RM'000	Lease liabilities RM'000	Net RM'000
2021			
Additions of right of use assets and lease liabilities (Notes 5 and 22)	429	(397)	32
Less: Lease renewal	(54)	54	-
Cash additions of right of assets and lease liabilities	375	(343)	32
2020			
Additions of right of use assets and lease liabilities (Notes 5 and 22)	778	(763)	15
Less: Lease renewal	(623)	623	-
Cash additions of right of assets and lease liabilities	155	(140)	15

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2021
CONT'D

NOTES TO THE STATEMENTS OF CASH FLOWS *Cont'd*

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	23,983	35,308	12	14
Short term deposits with licensed banks	7,500	280	-	-
Bank overdraft	-	(3,281)	-	-
	31,483	32,307	12	14

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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 1 July 2021.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

2. BASIS OF PREPARATION *Cont'd*

2.2 Basis of Measurement *Cont'd*

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.

2.4 Malaysian Financial Reporting Standards ("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 2020.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

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.

Amendments to MFRSs effective after 1 January 2022:-

Amendments to MFRS 3	Business Combinations – Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

2. BASIS OF PREPARATION *Cont'd*

2.5 Standard Issued But Not Yet Effective *Cont'd*

Amendments to MFRSs effective after 1 January 2023:-

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Amendments to MFRSs – Effective Date Deferred Indefinitely

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2021, 1 January 2022 and 1 January 2023 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2021, 1 January 2022 and 1 January 2023.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the future period of the financial statements of the Group and the Company.

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:-

Revaluation of Property, Plant and Equipment

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

2. BASIS OF PREPARATION *Cont'd*

2.6 Significant Accounting Estimates and Judgements *Cont'd*

2.6.1 Estimation Uncertainty *Cont'd*

Revaluation of Investment Properties

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.

Useful Lives of Depreciable Assets

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 2021, 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.

Inventories

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.

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.

Further details of the carrying values, key assumptions applied in the impairment assessment of non-financial assets are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

2. BASIS OF PREPARATION *Cont'd*

2.6 Significant Accounting Estimates and Judgements *Cont'd*

2.6.1 Estimation Uncertainty *Cont'd*

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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

2. BASIS OF PREPARATION *Cont'd*

2.6 Significant Accounting Estimates and Judgements *Cont'd*

2.6.1 Estimation Uncertainty *Cont'd*

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.

2.6.2 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.1 Consolidation *Cont'd*

3.1.1 Subsidiaries *Cont'd*

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.

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 difference 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 acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.1 Consolidation *Cont'd*

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 administrative 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.1 Consolidation *Cont'd*

3.1.6 Associates *Cont'd*

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 decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or loss previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if those 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.

3.2 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.2 Property, Plant and Equipment *Cont'd*

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 is 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

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 comprises 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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

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 rate ("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 trade and most other receivables, amount due from subsidiaries, cash and bank, deposit and placements.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.5 Financial Instruments *Cont'd*

3.5.1 Financial Assets *Cont'd*

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.

Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.5 Financial Instruments *Cont'd*

3.5.1 Financial Assets *Cont'd*

Impairment *Cont'd*

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. However, financial assets that are written off could still be subject to enforcement activities in order to comply the Group's and the Company's procedures for recovery amounts due.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.5 Financial Instruments *Cont'd*

3.5.2 Financial Liabilities *Cont'd*

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.

3.5.3 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 measured 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 assesses 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 estimates 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. The recoverable amount 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.6 Impairment of Non-financial Assets *Cont'd*

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, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 estimates 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 asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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.

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.7 Derivative Financial Instruments and Hedging Activities *Cont'd*

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 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.

3.10 Leases

The Group assesses 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.

Group as Lessee

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 recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.10 Leases *Cont'd*

Group as Lessee *Cont'd*

3.10.1 Right of use Assets

The Group recognises 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	25 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 is also subject to impairment. The accounting policies for impairment of non-financial assets is set out in Note 3.6 to the financial statements.

3.10.2 Lease Liabilities

At the commencement date of the lease, the Group recognises 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 uses 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.10 Leases *Cont'd*

Group as Lessee *Cont'd*

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

The Group applies 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

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.

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 rate 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.12 Equity Instrument *Cont'd*

Dividends on ordinary shares 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.13 Foreign Currency Translation *Cont'd*

3.13.2 Foreign Operations *Cont'd*

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.

3.14 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.15 Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the period in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Where the Group receives a non-monetary government grant, the asset and the grant are recorded at nominal amount. The grant is deducted in arriving at the carrying amount of the asset. The grant is then recognised as income over the life of the depreciable asset by way of a reduced depreciation charge.

3.16 Employees Benefits

3.16.1 Short-term Employment 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.

3.16.2 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"). Some of the Group's foreign subsidiary also make contributions to the respective country's statutory pension schemes.

3.17 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.17 Tax Expenses *Cont'd*

3.17.1 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).

3.17.2 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.

3.18 Goods and Services Tax

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%.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.19 Sales and Service Tax

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

- When the sales and service tax incurred in a purchase of assets or services are not recoverable from the tax authority, in which case, the sales 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 service tax included

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

3.20 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.

3.21 Earnings/(Loss) Per Share

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

Basic EPS/(LPS) 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 EPS/(LPS) 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.

3.22 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

3.22 Related Parties *Cont'd*

(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

Group	← At valuation →		← At cost →		Total
	Land RM'000	Buildings RM'000	Machinery and equipment RM'000	Motor vehicles and others RM'000	
Cost or valuation					
At 1 April 2019	50,880	42,763	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	50,880	42,598	25,602	12,189	131,269
Additions	-	-	24	553	577
Disposals	-	-	(6,875)	(1,009)	(7,884)
Written off	-	-	(240)	(236)	(476)
Transfer from/(to) investment properties	5,400	(24,175)	-	-	(18,775)
Transfer from right of use assets	-	-	-	148	148
Translation differences	-	-	2	9	11
At 31 March 2021	56,280	18,423	18,513	11,654	104,870

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

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

	← At valuation →		← At cost →		
Group	Land RM'000	Buildings RM'000	Machinery and equipment RM'000	Motor vehicles and others RM'000	Total RM'000
Accumulated depreciation					
At 1 April 2019	-	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
Charge for the financial year	-	1,041	1,709	982	3,732
Disposals	-	-	(5,933)	(845)	(6,778)
Written off	-	-	(235)	(227)	(462)
Transfer to investment properties	-	(1,933)	-	-	(1,933)
Transfer from right of use assets	-	-	-	136	136
Translation differences	-	-	1	7	8
As 31 March 2021	-	1,216	11,203	10,038	22,457
Accumulated impairment					
At 1 April 2019	-	1,882	-	-	1,882
Impairment recognised for the financial year	-	-	-	130	130
At 31 March 2020	-	1,882	-	130	2,012
Impairment recognised for the financial year	-	-	-	184	184
Transfer to investment properties	-	(1,882)	-	-	(1,882)
At 31 March 2021	-	-	-	314	314
Net carrying amount					
At 31 March 2021	56,280	17,207	7,310	1,302	82,099
At 31 March 2020	50,880	38,608	9,941	2,074	101,503

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31 March 2021
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4. PROPERTY, PLANT AND EQUIPMENT *Cont'd*

- (a) Impairment losses 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) 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 RM30,615,000 (2020: RM47,639,010).

- (c) Transfer to investment property

During the financial year ended 31 March 2021, one building was transferred to investment property because it was no longer used by the Group and it was leased to a third party.

Immediately before the transfer, the Group remeasured the property at fair value and recognised a loss of RM1,269,000 in profit and loss. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date were the same as those applied to investment property at the reporting date (see Note 6).

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5. RIGHT OF USE ASSETS

Group	Hostels RM'000	Buildings RM'000	Land RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 April 2019	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
Additions	22	32	-	375	429
Reversal due to termination	(80)	(443)	-	-	(523)
Disposals	-	-	-	(241)	(241)
Adjustment due to lease modification	(5)	-	1,266	-	1,261
Transfer to property, plant and equipment	-	-	-	(148)	(148)
Transfer to investment properties	-	-	(12,743)	-	(12,743)
Translation differences	-	66	-	3	69
At 31 March 2021	98	3,174	-	1,950	5,222
Accumulated depreciation					
At 1 April 2019	-	-	-	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
Charge for the financial year	54	1,599	492	322	2,467
Reversal due to termination	(60)	(272)	-	-	(332)
Disposals	-	-	-	(241)	(241)
Transfer to property, plant and equipment	-	-	-	(136)	(136)
Transfer to investment properties	-	-	(933)	-	(933)
Translation differences	-	37	-	3	40
At 31 March 2021	76	2,594	-	938	3,608
Net carrying amount					
At 31 March 2021	22	580	-	1,012	1,614
At 31 March 2020	79	2,289	11,036	971	14,375

- (a) The Group leases its office space, hostels, warehouses and land. The lease of office space, hostels, warehouses and land typical run for a period of 1 year to 25 years.
- (b) Motor vehicles of the Group with a net carrying amount of RM1,012,551 (2020: RM971,295) are under finance lease arrangement.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
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5. RIGHT OF USE ASSETS *Cont'd*

Significant judgements and assumptions in relation to leases

The Group uses judgements 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	Right of use assets - Land	Total
	RM'000	RM'000	RM'000
At 1 April 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
Change in fair value recognised in profit or loss	(1,360)	-	(1,360)
Disposals	(11,900)	-	(11,900)
Transfer from property, plant and equipment	14,960	-	14,960
Transfer from right of use assets	-	11,810	11,810
At 31 March 2021	32,068	11,810	43,878

	Group	
	2021	2020
	RM'000	RM'000
Rental income	(1,397)	(248)
Direct operating expenses:-		
- Income generating investment properties	119	153
- Non-income generating investment properties	16	104

(a) Fair value basis of investment properties

The Group applies fair value model in measuring its land, buildings and right of use assets land. Land, buildings and right of use assets land of the Company were revalued in financial year 2021 by Savills (Malaysia) Sdn. Bhd., an independent professional valuer.

The sales comparison method was adopted in arriving at the market value of the land, buildings and right of use assets land. 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.

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT PROPERTIES *Cont'd*

(b) The land, buildings and right of use assets land at valuation are categorised at Level 2 fair values.

Level 2 fair values

Level 2 fair values of land, buildings and right of use assets land 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 (2020: RM2,705,000) are yet to be issued by the relevant authorities.

(c) The reconciliation of loss on disposal of investment properties are as follows:-

	RM'000
Proceeds from disposal of investment properties	13,020
Less: Cost of investment properties	(11,900)
Less: Direct cost attributable to disposal	(575)
Less: Provision for Real Property Gain Tax	(987)
Loss on disposal of investment properties	(442)

(d) The Group leases its right of use assets land. The lease of right of use assets land typical run for a period of 1 year to 25 years.

(e) During the financial year, a land and building has been transferred from property, plant and equipment and right of use assets to investment property (see Notes 4 and 5), since the building was no longer used by the Group and would be leased to third party.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
Unquoted shares at cost	160,250	160,100

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
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7. INVESTMENT IN SUBSIDIARIES *Cont'd*

Details of the subsidiaries are as follows:-

	Place of incorporation and business	Effective interest (%)		Principal activity
		2021	2020	
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	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	100	Manufacturing and trading of panels and components for sectional tanks
AYS Wire Products Sdn. Bhd.	Malaysia	-	90	Manufacturing and trading of wire and steel products
CH Yodoform Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of steel purlin, IBS steel structural component and other steel products
AYS Metal Trading Sdn. Bhd.	Malaysia	99	99	Dormant
CH Yodoform Trading Sdn. Bhd.	Malaysia	100	100	Dormant
Steelaris Pte. Ltd. (“Steelaris”)+	Singapore	51	51	Trading of steel products

⁺ Audited by firm other than Grant Thornton Malaysia PLT.

(a) Acquisition of a subsidiary

2020

On 9 May 2019, AYS Capital Sdn. Bhd. ("AYSC") entered into a conditional sale and purchase agreement with certain shareholders of Steelar Pte. Ltd. ("Steelar"), 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 Steelar 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. Steelar effectively becomes a 51% subsidiary of AYSC.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
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7. INVESTMENT IN SUBSIDIARIES *Cont'd*

(a) Acquisition of a subsidiary *Cont'd*

2020 *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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
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7. INVESTMENT IN SUBSIDIARIES *Cont'd*

(a) Acquisition of a subsidiary *Cont'd*

2020 *Cont'd*

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.

(b) 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
2021			
Effective interest equity (%)	51%	-	
Carrying amount of NCI	1,118	42	1,160
Profit allocated to NCI	5,555	13	5,568
2020			
Effective interest equity (%)	51%	-	
Carrying amount of NCI	(4,401)	213	(4,188)
Profit/(Loss) allocated to NCI	1,403	(2)	1,401

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

	Steelaris	
	2021 RM'000	2020 RM'000
Financial position as at 31 March		
Non-current assets	644	2,439
Current assets	187,811	152,641
Non-current liabilities	(15,489)	(547)
Current liabilities	(170,683)	(163,522)
Net assets/(liabilities)	2,283	(8,989)
Summary of financial performance for the financial year ended 31 March		
Revenue	249,948	181,473
Profit for the financial year/Total comprehensive income for the financial year	11,338	2,863

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

7. INVESTMENT IN SUBSIDIARIES *Cont'd*

(b) Non-controlling interests ("NCI") in subsidiaries *Cont'd*

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

	Steelar	
	2021	2020
	RM'000	RM'000
Summary of cash flows for the financial year ended 31 March		
Net cash inflow from operating activities	1,809	18,902
Net cash inflow from investing activities	42	15
Net cash inflow/(outflow) from financing activities	6,015	(6,754)

(c) 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 a result, the Group no longer controls the subsidiary and as such it was not consolidated as at 1 April 2020. The fair value of assets and liabilities of deconsolidated subsidiary subject to winding up as at 1 April 2020 are as follows:-

	RM'000
Receivables	2,021
Cash and bank balances	184
Tax recoverable	76
Payables	(46)
Net assets	2,235
Non-controlling interest	(220)
Loss on deconsolidation of a subsidiary	2,015
Less: Cash and cash equivalent	(184)
Net cash outflow in deconsolidation	1,831

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost				
Unquoted shares in Malaysia	450	450	450	450
Impairment loss	-	-	(450)	(450)
Share of results of associate	(425)	(450)	-	-
	25	-	-	-

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

Name of company	Place of incorporation and business	Effective interest (%)		Principal activity
		2021	2020	
AOK Engineering Services Sdn. Bhd.	Malaysia	45	45	Engineering design and drawings

The associate is audited by Grant Thornton Malaysia PLT.

The summarised financial information of the Group's associate is not presented due to not material to the group.

9. GOODWILL ON CONSOLIDATION

	Group	
	2021 RM'000	2020 RM'000
Cost		
At 1 April	6,039	-
Additions	-	6,039
At 31 March	6,039	6,039

NOTES TO THE FINANCIAL STATEMENTS

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9. GOODWILL ON CONSOLIDATION *Cont'd*

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		Discount Rate	
	2021	2020	2021	2020
	%	%	%	%
Steelaris	2.00	5.00	8.03	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 assumption applied are not likely to materially caused recoverable amount to be lower than its carrying amount.

10. INVENTORIES

	Group	
	2021	2020
	RM'000	RM'000
At carrying amount:-		
Raw materials	3,476	4,879
Work-in-progress	2,461	3,171
Finished goods	249,071	314,137
Goods in transit	23,040	14,113
	278,048	336,300
Recognised in profit or loss:-		
Inventories recognised as cost of sales	573,500	641,469
Inventories written down	233	180

NOTES TO THE FINANCIAL STATEMENTS

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11. TRADE RECEIVABLES

	Group	
	2021	2020
	RM'000	RM'000
Trade receivables	246,221	225,512
Less: Allowance for expected credit loss		
At beginning of financial year	(6,350)	(4,827)
Additions through acquisition of subsidiary	-	(3,129)
Recognised	(1,313)	(1,901)
Reversed	53	36
Written off	53	3,468
Translation differences	(25)	3
At end of financial year	(7,582)	(6,350)
	238,639	219,162

Trade receivables are generally on 0 to 150 (2020: 0 to 150) days term.

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

12. OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	8,921	6,514	-	-
GST receivable	918	544	-	-
Deposits	697	687	5	5
Deposit for land purchase	8,602	-	-	-
Prepayments	2,409	3,266	19	19
	21,547	11,011	24	24

Included in non-trade receivables is an amount of RM2,928,000 (2020: 2,671,000) subject to interest at 8% per annum, secured by personal guarantees 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.

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14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2021		2020	
	Contract/ notional amount	Assets	Contract/ notional amount	Assets
	RM'000	RM'000	RM'000	RM'000
Forward currency contracts	93,346	675	120,043	1,840

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. SHORT TERM DEPOSITS WITH LICENSED BANKS

The interest rates of short term deposits with licensed banks range from 1.05% to 1.7% (2020: 2.10% to 3.20%) per annum with maturity dates of 2 days to 12 days (2020: 3 days to 14 days).

16. SHARE CAPITAL

	Group and Company	
	2021	2020
	RM'000	RM'000
Issued and fully paid with no par value:-		
380,417,656 ordinary shares	190,209	190,209

17. CAPITAL RESERVE

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.

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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	
	2021	2020
	RM'000	RM'000
At 1 April	6,734	5,821
Recognised in profit or loss (Note 29)	(291)	913
At 31 March	6,443	6,734

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

	Group	
	2021	2020
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,002	1,061
Revaluation of investment properties	(184)	1,348
Revaluation of land and buildings	5,627	5,627
Impairment loss on trade receivables	(2)	(140)
Unutilised business loss	-	(1,026)
Unutilised capital allowance	-	(136)
	6,443	6,734

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

	Group	
	2021	2020
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(3,769)	(4,252)
Revaluation of investment properties	13	6
Right of use assets	(4)	(494)
Lease liabilities	4	506
Others	1,697	250
Unutilised business losses	18,889	32,714
Unabsorbed capital allowances	3,644	5,443
Unutilised reinvestment allowances	2,757	2,757
	23,231	36,930

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20. DEFERRED TAX LIABILITIES *Cont'd*

The Group's unutilised business losses, unabsorbed capital allowances and unutilised reinvestment allowances amounting to RM18,889,000, RM3,644,000 and RM2,757,000 (2020: RM32,714,000, RM5,443,000 and RM2,757,000) can be carried forward to offset against future taxable profits.

Effective Year of Assessment ("YA") 2019 as announced in the Annual Budget 2019, the unutilised business losses of the Group as of 31 March 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years, the unutilised business losses will be disregarded.

Tax losses for which no deferred tax assets was recognised expire as follows:-

	Group	
	2021	2020
	RM'000	RM'000
YA 2026	1,163	2,522
YA 2027	131	1,483
	1,294	4,005

The unutilised business losses in foreign subsidiary amounting to RM17,595,000 (2020: RM28,709,000) has no expiry period.

21. BANK BORROWINGS

	Group	
	2021	2020
	RM'000	RM'000
Non-current (secured)		
Revolving credit	-	21,151
Term loan	15,435	-
	15,435	21,151
Current (secured)		
Bankers' acceptance/Trust receipts	257,176	309,119
Bank overdrafts	-	3,281
Onshore foreign currency loans	-	12,747
Revolving credit	20,607	9,064
Term loan	-	16
	277,783	334,227
	293,218	355,378

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

Certain trust receipts are secured by the assignment of credit insurance policy.

The bank borrowings of the Group bear interest at rates ranging from 2% to 6.45% (2020: 3.19% to 6.45%) per annum.

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22. LEASE LIABILITIES

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

	Group	
	2021	2020
	RM'000	RM'000
At 1 April	15,197	13,895
Additional through acquisition of subsidiary	-	2,417
Additions	397	763
Accretion of interest	704	680
Reversal due to termination	(195)	-
Adjustment on lease modification	1,780	-
Payment	(2,982)	(2,566)
Translation difference	44	8
At 31 March	14,945	15,197
Current	1,228	2,423
Non-current	13,717	12,774
	14,945	15,197

The Group leases office building, warehouse and hostel under operating leases. The leases run for a period of 1 to 25 years. Lease payments are negotiated on each renewal.

These lease liabilities bear interests at rates of 2.32% to 4.46% (2020: 2.32% to 4.46%) per annum. Interest rates are fixed at the inception of the lease liabilities arrangements.

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	
	2021	2020
	RM'000	RM'000
Depreciation expense of right of use assets	2,467	1,983
Interest expense on lease liabilities		
- Recognised as cost of sales	641	481
- Recognised as finance cost	63	199
Gain on disposal of right of use assets	(50)	-
Income from derecognised of right of use assets and lease liabilities	(4)	-
Adjustment due to lease modification	519	-
Expense relating to low value assets	109	9
Expense relating to short term lease	203	900
Total amount recognised in profit or loss	3,948	3,572

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23. TRADE PAYABLES

The normal credit terms granted by the trade payables range from 0 to 180 (2020: 0 to 180) days term.

24. OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-trade payables	14,022	7,895	11	10
Accruals	5,058	3,652	208	268
Deposits	1,020	1,082	-	-
Loan from employees	-	666	-	-
	20,100	13,295	219	278

Loans from employees bears interest at Nil (2020: 5%) per annum. All the loans from employees are unsecured and payable on demand.

25. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Sales of goods/services rendered	753,658	768,212	-	-
Timing of revenue recognition				
Goods transferred and services rendered at a point in time	753,658	768,212	-	-

Performance obligation

Information about the Group's performance obligations as 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.

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26. OTHER INCOME

	Group	
	2021	2020
	RM'000	RM'000
Capital distribution from a former subsidiary	1,733	-
Income from derecognised of right of use assets and lease liabilities	4	-
Rental income	1,397	248
Rental discount	31	-
Gain on disposal of property, plant and equipment	62	-
Gain on disposal of right of use assets	50	-
Wages subsidy	418	-
Grant received	1,323	1,422
Impairment loss on trade receivables no longer required	53	36
Bad debt recovered	168	-
Realised gain on foreign exchange	-	8
Other income	671	772
	5,910	2,486

27. FINANCE INCOME AND FINANCE COSTS

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income from cash and cash equivalents	55	59	-	-
Interest income from overdue accounts	518	717	-	-
Interest income from non-trade receivables	201	144	-	-
	774	920	-	-

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27. FINANCE INCOME AND FINANCE COSTS *Cont'd*

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Term loan	21	25	-	-
Bank overdrafts	62	72	-	-
Bankers' acceptance/Trust receipts	11,220	15,523	-	-
Revolving credit	852	663	-	-
Onshore foreign currency loans	485	149	-	-
Lease liabilities interest	63	199	-	-
Other interest	99	17	-	-
Loan from employees	-	19	-	-
	12,802	16,667	-	-

28. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Grant Thornton Malaysia PLT				
- Statutory audit	115	136	16	18
- Others	5	178	5	178
- Other auditors	94	52	-	-
Lease payment for low-value asset:-				
- Office equipment	109	9	-	-
Short-term lease payment for:-				
- Material handling equipment	203	827	-	-
Office premises	-	73	-	-
Rental income	(1,397)	(329)	-	-
Realised loss/(gain) on foreign exchange	257	(8)	-	-

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29. TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Taxation:				
- current year	4,672	611	-	-
- overprovision in prior years	(29)	(182)	-	-
Deferred taxation (Note 20):				
- current year	(511)	765	-	-
- underprovision in prior years	220	148	-	-
	4,352	1,342	-	-

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	28,924	(7,781)	(644)	(1,117)
Tax at 24%	6,942	(1,867)	(155)	(268)
Effect of tax rate in foreign jurisdictions	(18)	52	-	-
Non-allowable expenses	2,137	1,990	155	268
Income not subject to tax	(80)	(451)	-	-
Movement of deferred tax assets not recognised	(3,288)	(612)	-	-
Effect of changes in tax rate on plant, property and equipments	-	1,441	-	-
Deferred tax arising from investment properties	(1,532)	823	-	-
Over provision of taxation in prior years	(29)	(182)	-	-
Under provision of deferred tax in prior years	220	148	-	-
Total tax expense	4,352	1,342	-	-

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30. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on Group's net profit/(loss) for the year attributable to owners of the Company of RM19,004,000 (2020: RM10,524,000) over the number of weighted average shares during the financial year of 380,417,656 (2020: 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	24,499	25,106	454	529
Defined contribution plans	3,046	2,842	-	-
Social security contributions	162	170	-	-
Other benefits	2,039	2,449	-	-
	29,746	30,567	454	529

The remunerations of Directors and other key management personnels of the Company during the financial year are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Directors:-</u>				
Directors' fee	424	484	424	484
Salaries and other emoluments	3,599	4,232	30	45
Defined contribution plans	670	778	-	-
Social security contributions	3	4	-	-
Other benefits	92	111	-	-
	4,788	5,609	454	529
<u>Other key management personnels:-</u>				
Salaries and other emoluments	5,638	5,635	-	-
Defined contribution plans	716	704	-	-
Social security contributions	15	16	-	-
Other benefits	189	257	-	-
	6,558	6,612	-	-
	11,346	12,221	454	529

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32. CAPITAL COMMITMENTS

	Group	
	2021	2020
	RM'000	RM'000
Authorised but not contracted for:		
- Property, plant and equipment	59,599	24,557
Authorised and contracted for:		
- Property, plant and equipment	34,410	-

33. RELATED PARTY DISCLOSURES

(a) The significant related party transactions during the financial year are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Purchases of goods from related parties	27	-	-	-
Rental charged by a related party	128	-	-	-
Lease payment charged to a related party	-	(7)	-	-
Lease payment charged by related parties	-	91	-	-
Interest charged to related parties	(201)	(144)	-	-
Interest charged by related parties	15	19	-	-
Service fee charged by a related party	553	307	-	-

(b) Compensation of key management personnels

Key management personnels include 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.

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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

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 RM'000	AC RM'000	FVTPL RM'000
2021			
Financial assets			
Trade and other receivables	256,859	256,859	-
Short term deposits with licensed banks	7,500	7,500	-
Cash and bank balances	23,983	23,983	-
Derivative financial instruments	675	-	675
	289,017	288,342	675
Financial liabilities			
Trade and other payables	114,083	114,083	-
Bank borrowings	293,218	293,218	-
	407,301	407,301	-
2020			
Financial assets			
Trade and other receivables	226,363	226,363	-
Short term 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	-

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35. FINANCIAL INSTRUMENTS *Cont'd*

35.1 Categories of financial instruments *Cont'd*

The table below provides an analysis of financial instruments categorised as follows:- *Cont'd*

Financial assets and financial liabilities are measured at amortised cost ("AC") and fair value through profit or loss ("FVTPL"). *Cont'd*

	Carrying amount RM'000	AC RM'000
Company		
2021		
Financial assets		
Other receivables	5	5
Amount due from subsidiaries	33,893	33,893
Cash and bank balances	12	12
	33,910	33,910
Financial liability		
Other payables	219	219
2020		
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

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.

NOTES TO THE FINANCIAL STATEMENTS

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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:-

(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.

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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*

(i) Receivables *Cont'd*

The ageing analysis of the trade receivables is as follows:-

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
<u>2021</u>			
Current	106,872	-	106,872
1-30 days	50,521	(94)	50,427
31-60 days	36,700	(140)	36,560
61-90 days	12,673	(442)	12,231
more than 90 days	29,323	(976)	28,347
Credit impaired			
Individually impaired	10,132	(5,930)	4,202
	246,221	(7,582)	238,639
<u>2020</u>			
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

(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.

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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*

(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 RM501,162,000 (2020: RM501,879,000) in respect of corporate guarantees given to financial institutions 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 RM29,550,000 (2020: RM31,200,000) 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.

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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 areas 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
<u>2021</u>					
Trade payables	93,983	93,983	93,983	-	-
Other payables	20,100	20,100	20,100	-	-
Bankers' acceptance/Trust receipts	257,176	259,786	259,786	-	-
Revolving credit	20,607	20,607	20,607	-	-
Lease liabilities	14,945	23,297	1,831	4,334	17,132
Term loan	15,435	16,236	15,049	1,187	-
Total	422,246	434,009	411,356	5,521	17,132
Financial guarantee*	-	530,712	530,712	-	-

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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 areas 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
<u>2020</u>					
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	-	-

Company	Carrying amount RM'000	Contractual cash flows RM'000	Current less than 1 year RM'000
<u>2021</u>			
Other payables	219	219	219
Financial guarantee*	-	501,162	501,162
<u>2020</u>			
Other payables	278	278	278
Financial guarantee*	-	501,879	501,879

* 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.

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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

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.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:-

	Denominated in		
	USD	SGD	AUD
	RM'000	RM'000	RM'000
Group			
<u>2021</u>			
Derivative financial instruments	718	(43)	-
Cash and bank balances	2,042	867	-
Trade receivables	13,681	14,223	1,115
Trade payables	(52,702)	(60)	-
Borrowings	-	(20,279)	-
Other payables	(30)	-	-
	(36,291)	(5,292)	1,115
<u>2020</u>			
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

Exposure to foreign exchange rate vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

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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 following table demonstrates the sensitivity of the Group's profit/(loss) 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.

	Profit/(loss) for the financial year RM'000	Equity RM'000
<u>2021</u>		
USD/RM		
- Strengthened 3.85%	(1,397)	(1,397)
- Weakened 3.85%	1,397	1,397
SGD/RM		
- Strengthened 2.65%	(140)	(140)
- Weakened 2.65%	140	140
AUD/RM		
- Strengthened 1.22%	14	14
- Weakened 1.22%	(14)	(14)
<u>2020</u>		
- 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)

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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	
	2021	2020
	RM'000	RM'000
Fixed rate instruments		
Other receivables	2,928	2,671
Short term deposits with licensed banks	7,500	280
Other payables	-	(666)
Lease liabilities	(14,945)	(15,197)
	(4,517)	(12,912)
Floating rate instruments		
Bankers' acceptance/Trust receipts	(257,176)	(309,119)
Bank overdrafts	-	(3,281)
Revolving credit	(20,607)	(30,215)
Onshore foreign currency loans	-	(12,747)
Term loan	(15,435)	(16)
	(293,218)	(355,378)

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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 *Cont'd*

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 50 (2020: 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:-

	2021	2020
	RM'000	RM'000
Effect on profit/(loss)/equity for the year	(1,466)	(888)

If the interest rate had weakened then the impact to profit/(loss)/equity 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.

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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
<u>2021</u>				
Bankers' acceptance/Trust receipts	309,119	(51,943)	-	257,176
Lease liabilities	15,197	(2,278)	2,026 ⁽ⁱ⁾	14,945
Revolving credit	30,215	(10,118)	510 ⁽ⁱⁱ⁾	20,607
Onshore foreign currency loans	12,747	(12,747)	-	-
Term loan	16	15,419	-	15,435
	367,294	(61,667)	2,536	308,163
<u>2020</u>				
Bankers' acceptance/Trust receipts	310,968	(12,148)	10,299 ⁽ⁱⁱⁱ⁾	309,119
Lease liabilities (Restated)	13,895	(1,886)	3,188 ^(iv)	15,197
Revolving credit	-	30,298	(83) ⁽ⁱⁱ⁾	30,215
Onshore foreign currency loans	-	12,847	(100) ⁽ⁱⁱ⁾	12,747
Term loan	632	(616)	-	16
	325,495	28,495	13,304	367,294

- (i) This amount is net of addition of lease liabilities, reversal due to termination, adjustment on lease modification and translation differences.
(ii) Being unrealised (gain)/loss on foreign exchange.
(iii) Being addition through acquisition of subsidiary.
(iv) Being addition through acquisition of subsidiary, addition and translation differences to lease liabilities during the financial year.

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 and 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 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.

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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.

Group	Note	Manufacturing RM'000	Trading and services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
<u>2021</u>						
Revenue						
External customers		32,780	720,878	-	-	753,658
Inter-segment	i	4,780	177,669	-	(182,449)	-
Total revenue		37,560	898,547	-	(182,449)	753,658
Results:						
Interest income		(99)	(2,251)	-	1,576	(774)
Interest expense		180	14,848	-	(1,585)	13,443
Depreciation of property, plant and equipment		1,138	2,370	-	224	3,732
Depreciation of right of use asset		550	2,636	-	(719)	2,467
Loss on fair value adjustment on investment properties		15	1,345	-	-	1,360
Other non-cash expenses	ii	772	1,511	-	-	2,283
Income tax expense		11	4,341	-	-	4,352
Dividend income		-	3,000	-	(3,000)	-
Share of results of an associate		-	-	-	25	25
Segment profit/(loss)		2,067	25,058	(650)	(1,903)	24,572
Assets:						
Additions to non- current assets	iii	234	1,007	-	(235)	1,006
Segment assets		38,997	822,827	194,180	(348,693)	707,311
Liabilities:						
Segment liabilities		18,451	588,703	350	(178,815)	428,689

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

36. OPERATING SEGMENT *Cont'd*

(a) Business segments *Cont'd*

Group (cont'd)	Note	Manufacturing RM'000	Trading and services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
<u>2020</u>						
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	758	1,618	-	-	2,376
Income tax expense		(15)	1,357	-	-	1,342
Dividend income		-	(1,620)	-	1,620	-
Segment loss		(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		38,288	885,480	194,882	(355,710)	762,940
Liabilities:						
Segment liabilities		17,573	673,499	403	(182,871)	508,604

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

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	
	2021	2020
	RM'000	RM'000
Property, plant and equipment written off	14	166
(Gain)/Loss on disposal of property, plant and equipment	(62)	15
Gain on disposal of right of use assets	(50)	-
Loss on disposal of investment properties	442	-
Income from derecognised of right of use assets and lease liabilities	(4)	-
Adjustment due to lease modification	519	-
Inventories written down	233	180
Impairment loss on property, plant and equipment	184	130
Impairment loss on trade receivables	1,313	1,901
Impairment loss on trade receivables no longer required	(53)	(36)
Unrealised (gain)/loss on foreign exchange	(160)	10
	2,376	2,366

- iii. Additions to non-current assets consist of:-

	Group	
	2021	2020
	RM'000	RM'000
Property, plant and equipment	577	611
Right of use assets	429	778
Investment properties	-	5,001
	1,006	6,390

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

36. OPERATING SEGMENT *Cont'd*

(b) Geographical segment

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:-

	Revenue RM'000	Non-current assets RM'000
<u>2021</u>		
Malaysia	466,070	126,947
Singapore	214,690	644
Asia-Pacific economic cooperation countries	69,713	-
Other countries	3,185	-
	<hr/> 753,658	<hr/> 127,591
<u>2020</u>		
Malaysia	500,997	143,807
Singapore	227,769	2,439
Asia-Pacific economic cooperation countries	28,598	-
Other countries	10,848	-
	<hr/> 768,212	<hr/> 146,246

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Group	
	2021 RM'000	2020 RM'000
Property, plant and equipment	82,099	101,503
Right of use assets	1,614	14,375
Investment properties	43,878	30,368
	<hr/> 127,591	<hr/> 146,246

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

37. CAPITAL MANAGEMENT

The capital structure of the Group consists of net debt of the Group comprising borrowings as detailed in Note 21 of the financial statements off set with cash and cash equivalents, and equity of the Group comprising issued capital, reserves, retained earnings and non-controlling interest.

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group'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. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During the financial year 2021, the Group's strategy, which was unchanged from the financial year 2020, was to maintain the debt-to-equity ratio of not exceeding 2.0:1.0.

	Group	
	2021	2020
	RM'000	RM'000
Total borrowings	293,218	355,378
Less: Cash and cash equivalents	(31,483)	(32,307)
Net debts	261,735	323,071
Total equity	278,622	254,336
Debt-to-equity ratio	0.9:1.0	1.3:1.0

38. SIGNIFICANT EVENTS

(a) Liquidation of a Subsidiary

On 13 March 2020, AYS Wire Products Sdn. Bhd. ("AYSW"), a 90% owned subsidiary of the Group had 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 a result, the Group no longer controls the subsidiary and as such it was not consolidated as at 1 April 2020. The fair value of assets and liabilities of deconsolidate subsidiary subject to winding up are shown in Note 7 to the financial statements.

(b) Coronavirus Disease 2019 ("COVID-19")

The Group and the Company are significantly impacted by the COVID-19. As such, the Group and the Company have implemented several measures to weather through this current challenging time. These efforts are on-going as the Group and the Company continue to seek support from their vendors and business partners to address their cash flow requirements. The following measures had been taken, with further additional efforts to be taken:-

Operations

The Group and the Company have temporary shut down their premises from 18 March 2020 in alignment with the Movement Control Order ("MCO") policy. The Group and the Company's operation resumed gradually from early April 2020 with proper Standard Operating Procedures put in place and achieved full operation in early May 2020. The disruption of their operations during the financial year due to MCO and the relevant financial impact has been taken into account in the financial results of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021
CONT'D

38. SIGNIFICANT EVENTS *Cont'd*

(b) Coronavirus Disease 2019 ("COVID-19") *Cont'd*

Working Capital Management

The Group managed to obtain a total wage subsidy of RM418,000 under Prihatin Wage Subsidy Programme to reduce the staff cost incurred.

The Government of Malaysia has again imposed the MCO and Conditional Movement Control Order ("CMCO") for selected states which are severely affected by the novel coronavirus ("COVID-19 pandemic") on 11 January 2021. Besides, the Malaysia King declared state of emergency for the country until 1 August 2021 to curb the spread of COVID-19 on 12 January 2021.

The restrictions imposed have not, however, negatively impacted the Group's and the Company's financial performance as their main businesses were allowed to operate throughout the MCO/CMCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group and the Company will continue to actively monitor and manage their funds and operations to minimise any impact arising from the COVID-19 pandemic.

(c) Disposal of Investment Properties

On 4 November 2020, Ann Yak Siong Hardware Sdn. Bhd. had entered into Sale and Purchase Agreement with Theepa Metals Sdn. Bhd. to dispose two pieces of freehold industrial land held under Individuals Titles No. Geran Mukim 22093, Lot No. 15810 and Geran Mukim 22094, Lot 15819, Tempat Sungai Rasau Ulu, Mukim Klang, Daerah Klang, Negeri Selangor Darul Ehsan and measuring an area of approximately 3.832 acres for a total cash consideration of RM13,019,909.76. The disposal was completed on 23 March 2021.

(d) Acquisition of Freehold Land

On 16 December 2020, Ann Yak Siong Hardware Sdn. Bhd. had entered into the Sale and Purchase Agreement with Golden Valley Industries Sdn. Bhd. for the acquisition of a piece of freehold vacant land held under Individual Titles No. H.S.(D) 165125, PT 84462, Mukim Kapar, Daerah Klang, Negeri Selangor and measuring an area of approximately 9.514 hectares or 23.510 acres or 95,144 square meters (formerly part of the master land held under Geran 339006 Lot 50413, Mukim Kapar, Daerah Klang, Negeri Selangor) at a cash consideration of RM43,012,015.20. The proposed acquisition is expected to be completed in the last quarter of the financial year ending 31 March 2022.

PROPERTIES HELD BY AYS VENTURES BERHAD AND ITS SUBSIDIARIES

As at 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 31-03-2021 (RM'000)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse and Office	24	1-Oct-09	31-Mar-18	23,966
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	26	30-Nov-90	31-Mar-18	11,298
Lot 3845, Batu 7, Jalan Kapar/KU 7, 41050 Klang, Selangor	Freehold	Industrial Land & Building	1.397 acres	Warehouse and Office	12	20-Dec-01	31-Mar-18	6,544
Lot 3846, Batu 7 Jalan Kapar/KU 15 42200 Kapar Selangor	Freehold	Industrial Land & Building	3.556 acres	Factory and Office	20	13-Oct-92	31-Mar-18	18,179
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
Sub-Total (value of properties held as property, plant and equipment)								73,487
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.	Tenanted	4	27-Nov-17	31-Mar-21	25,500
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	23	15-Feb-94	31-Mar-21	1,000
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	21	26-Oct-95	31-Mar-21	200
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-21	190
No.18, Jalan Mahawangsa 1, Langkawi Boulevard, 07000 Kuah, Langkawi, Kedah	Leasehold (expiring on 03.01.2109)	4 storey shop office	6,784 sq.ft.	Tenanted	4	7-Jan-15	31-Mar-21	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	3	20-Apr-17	31-Mar-21	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-21	205
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	15	30-Dec-04	31-Mar-21	455

PROPERTIES HELD BY AYS VENTURES BERHAD AND ITS SUBSIDIARIES

As at 31 March 2021

CONT'D

Location	Tenure	Description	Area	Existing Use	Approx. Age of Building (No. of Years)	Date of Acquisition	Date of Revaluation	Net Book Value As At 31-03-2021 (RM'000)
Unit No C-2-11, Block C, Skudaivilla, Jalan Aman, Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,216 sq.ft.	Vacant	17	14-Jun-02	31-Mar-21	280
D-1-3, Block D, Megan Avenue 1, No 189, Jalan Tun Razak, 50400 Kuala Lumpur	Freehold	Office lot	1,270 sq.ft.	Tenanted	26	21-Jun-14	31-Mar-21	720
Unit No. C-3-14, Block C, Rumah Pangsa Taman Semarak II, 71800 Nilai, Negeri Sembilan	Freehold	Low cost flat	721 sq.ft.	Vacant	23	21-Dec-04	31-Mar-21	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	13	21-Feb-00	31-Mar-21	140
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	21	17-Apr-03	31-Mar-21	90
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	12	7-Jun-12	31-Mar-21	175
C-3A-07, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	11	1-Jan-20	31-Mar-21	355
C-3A-08, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	11	1-Jan-20	31-Mar-21	355
C-3A-09, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	11	1-Jan-20	31-Mar-21	355
C-3A-10, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	11	1-Jan-20	31-Mar-21	355
C-3A-11, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	388 sq.ft.	Tenanted	11	1-Jan-20	31-Mar-21	355
C-3A-12, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	495 sq.ft.	Tenanted	11	1-Jan-20	31-Mar-21	450
C-3A-13, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	548 sq.ft.	Tenanted	11	1-Jan-20	31-Mar-21	500

As at 31 March 2021
CONT'D

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STATISTICAL REPORT

As at 30 June 2021

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	298	7.14	14,927	0.01
100 – 1,000	1,013	24.26	419,473	0.11
1,001 – 10,000	1,589	38.06	9,529,726	2.50
10,001 – 100,000	1,111	26.61	36,207,210	9.52
100,001 – less than 5% of issued shares	162	3.88	69,538,960	18.28
5% and above of issued shares	2	0.05	264,707,360	69.58
Total	4,175	100.00	380,417,656	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2021

	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	794,000	0.21	-	-

* 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 2021

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 2021 on page 74 of this Annual Report.

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2021

Substantial Shareholders	Direct		Indirect	
	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.

STATISTICAL REPORT

As at 30 June 2021
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THIRTY LARGEST SHAREHOLDERS AS AT 30 JUNE 2021

No.	Name of Shareholders	No of Shares	%
1.	Chiew Ho Holding Sdn Bhd	239,663,123	63.00
2.	Ann Yak Siong Group Sdn Bhd	25,044,237	6.58
3.	Tan Chee Kuan	7,700,000	2.02
4.	See Siew Chiet	6,127,200	1.61
5.	Lim Kim Yew	2,380,600	0.63
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kiam Lam (001)	1,634,700	0.43
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San (8121282)	1,608,400	0.42
8.	Ong Aw Beng	1,490,000	0.39
9.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Aun Chuan	1,200,000	0.32
10.	Tay Buan Tong	1,200,000	0.32
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Beng Hoo	1,100,000	0.29
12.	Maybank Nominees (Tempatan) Sdn Bhd Mak Tin Wong	1,082,000	0.28
13.	Wong Yoon Seng	1,030,000	0.27
14.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Hin Seong	1,020,000	0.27
15.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Siew Eng @ Ong Chai (M04)	1,000,000	0.26
16.	Wong Weng Tien	900,000	0.24
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ngee Peng Soon (7000564)	800,000	0.21
18.	Jee Soi Phin	800,000	0.21
19.	Toh Tuan Sun	794,000	0.21
20.	Low Pek Lay	761,200	0.20
21.	Au Cheen Hoe	750,000	0.20
22.	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for Ensign Peak Advisors Inc.	744,600	0.20
23.	Cheng Chye Lye	700,000	0.18
24.	Maybank Nominee (Tempatan) Sdn Bhd Varughese A/L Koshy	680,000	0.18
25.	Lim Hoe Seng	665,000	0.17
26.	Cheong Lap Tian	664,000	0.17
27.	Lim Seng Chee	657,000	0.17
28.	Tan Aik Choon	585,600	0.15
29.	Ng Han Joe	550,000	0.14
30.	Gan Thiam Seng	520,000	0.14

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting (“10th AGM”) of the Company will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at <https://tiih.online> on Wednesday, 1 September 2021 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 2021 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 Pooi Foon **Resolution 1**
 - (ii) Dato’ Wan Hashim Bin Wan Jusoh **Resolution 2**
 - (iii) Haji Mohd Sharif Bin Haji Yusof **Resolution 3**
3. To approve the payment of Directors’ fees not exceeding RM500,000.00 for the period from August 2021 till July 2022. **Resolution 4**
4. To approve the payment of meeting attendance allowance of RM1,000.00 per meeting day for each Independent Director from August 2021 till July 2022. **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**

“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 for a cumulative term of more than nine (9) years to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.” **Resolution 7**
7. **Continuation in office as Independent Non-Executive Director**

“THAT approval be and is hereby given to Seow Nyoke Yoong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.” **Resolution 8**
8. **Continuation in office as Independent Non-Executive Director**

“THAT approval be and is hereby given to Mohamad Fazlin Bin Mohamad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.” **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

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

“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.”

Resolution 10

By Order of the Board

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

Klang
29 July 2021

Important Notice on Remote Participation and Voting:

1. The 10th AGM will be conducted on a fully virtual basis through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) in Malaysia via its TIIH Online website at <https://tiih.online>.
2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online. Please refer to Administrative Guide for the 10th AGM in order to register, participate and vote remotely via the Remote Participation and Voting (“RPV”) facilities.
3. Members/Proxy(ies) who wish to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) may do so remotely via the RPV facilities. Please follow the procedures provided in the Administrative Guide for the 10th AGM in order to register, participate and vote remotely.

Proxy and/or Authorised Representative:

1. A member entitled to attend and vote at the 10th AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Guide for Members on the 10th AGM.

5. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The proxy form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding this AGM.

By Electronic Form

The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedure of electronic submission proxy form via TIIH Online.

6. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 10th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
7. Depositors who appear in the Record of Depositors as at 24 August 2021 shall be regarded as member of the Company entitled to attend the 10th AGM or appoint a proxy to attend and vote on his behalf.

NOTES ON RESOLUTIONS NO. 1, 2 & 3

For the purpose of determining the eligibility of the Directors to stand for re-election at the Tenth Annual General Meeting, the Board through its Nomination Committee had assessed Ms Oh Pooi Foon, Dato' Wan Hashim Bin Wan Jusoh and Tuan Haji Mohd. Sharif Bin Haji Yusof (collectively "the Retiring Directors"). Please refer to the Directors' Profile section for more details on these individuals. The Retiring Directors were assessed on their performance and understanding of the Group's business. Their active participation at the Board and Board Committee meetings showed that they were prepared and were effective in the discharge of their responsibilities. No circumstances have arisen in the past year to impair the independent judgement of Dato' Wan Hashim Bin Wan Jusoh and Tuan Haji Mohd. Sharif Bin Haji Yusof on matters brought for Board discussion. The Retiring Directors have always acted in the best interest of the Company as a whole.

Based on the above, the Board supports their re-election.

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

NOTES ON SPECIAL BUSINESS

(i) Resolutions No. 7, 8 & 9

Tuan Haji Mohd. Sharif Bin Haji Yusof, Ms Seow Nyoke Yoong and En Mohamad Fazlin Bin Mohamad have served as Independent Directors of the Company since 17 November 2011. 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 25 August 2020. 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.

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PROXY FORM

I/We _____ (NRIC No./Passport No./Company No.) _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a Member of **AYS VENTURES BERHAD** hereby appoint _____
(Full Name in Capital Letters)

(NRIC No./Passport No.) _____ of _____
(Full Address)

_____ and _____
(Full Name in Capital Letters)

(NRIC No./Passport No.) _____ of _____
(Full Address)

or *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Tenth Annual General Meeting ("10th AGM") of the Company to be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its TIIH Online website at <https://tiih.online> on Wednesday, 1 September 2021 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 Pooi Foon as Director	1		
Re-election of Dato' Wan Hashim Bin Wan Jusoh as Director	2		
Re-election of Haji Mohd Sharif Bin Haji Yusof 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 _____ 2021

NUMBER OF SHARES HELD

[Signature/Common Seal of Shareholder(s)]
[*Delete if not applicable]

Important Notice

The 10th AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIIH Online website at <https://tiih.online>. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

Members/Proxy(ies) are to attend, participate (including posting questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 10th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Guide for the 10th AGM and take note of procedure below in order to participate remotely via RPV.

Fold this flap for sealing

Proxy Notes

1. A member entitled to attend and vote at the 10th AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Guide for Shareholders on the 10th AGM.

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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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5. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

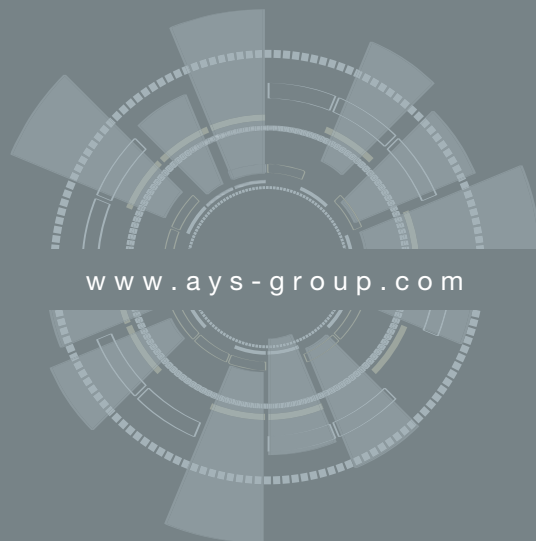
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7. Depositors who appear in the Record of Depositors as at 24 August 2021 shall be regarded as member of the Company entitled to attend the 10th AGM or appoint a proxy to attend and vote on his behalf.



www.ays-group.com



AYS VENTURES BERHAD
(Registration No. : 201001041243 (925171-T))

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