

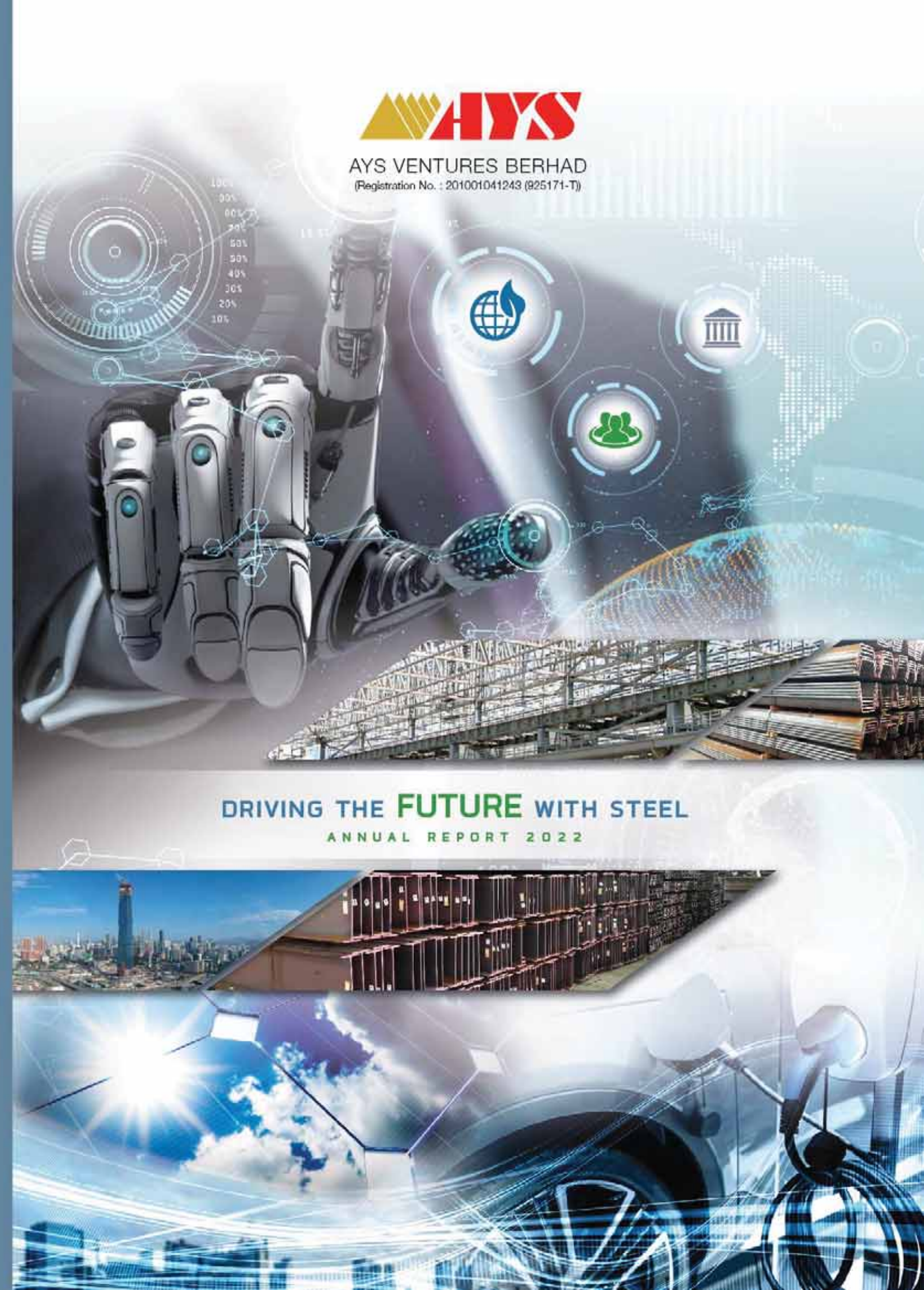
www.ays-group.com


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

Lot 6488,
Jalan Haji Abdul Manan,
42100 Klang, Selangor Darul Ehsan,
Malaysia.
Tel : +603 3377 5597
Fax : +603 3377 5500

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

ANNUAL REPORT 2022



DRIVING THE FUTURE WITH STEEL
ANNUAL REPORT 2022

AT A **GLANCE**



DRIVING THE FUTURE WITH STEEL

AYS Ventures Berhad's ("AYS") Annual Report 2022 aims to provide accountable, transparent and balanced disclosures for our stakeholders and give greater insight into AYS's past, present and prospect moving forward. The main parameters disclosed have been presented for consistency and comparability with the previous years. We remain committed to continuously refining and improving the quality of the report.

11TH

ANNUAL GENERAL MEETING



Tuesday,
19th July 2022



9.30 a.m.



Online Meeting Platform provided by
Tricor Investor & Issuing House Services
Sdn. Bhd. in Malaysia



TIIH Online website at
<https://tiih.online>

ABOUT THIS REPORT

REPORTING SCOPE AND BOUNDARIES

This Annual Report has been prepared by AYS to provide stakeholders, including our shareholders, business partners, associates and the investment community at large with an understanding of the Group's business model, strategy, past performance and future prospects. It covers the activities of the Group for our stakeholders for the financial year 1 April 2021 to 31 March 2022 ("FYE 2022"), unless stated otherwise. The Annual Report 2022 addresses the material financial and non-financial risks and opportunities that impact value creation and strategy development and shall be read concurrently with our Corporate Governance Report 2022. Any other information can be obtained from our website at www.ays-group.com.

REPORTING FRAMEWORKS

AYS Annual Report 2022 is guided by and make reference to the Bursa Malaysia's Main Market Listing Requirements (MMLR), Malaysian Code of Corporate Governance (MCCG) 2021, International Financial Reporting Standards (IFRS), Malaysian Financial Reporting Standards (MFRS), Companies Act 2016, Corporate Governance Guide (4th Edition) issued by Bursa Malaysia and Securities Commission Malaysia and certain principles and concepts under the International Integrated Annual Reporting Framework <IR>.

DRIVING THE FUTURE WITH STEEL

The Steel Industry will continue to serve as stimulus to national development and economy booster to industrial development of a country. Steel remains the world's most important engineering and construction material, and steel is considered a "green" product in that it is entirely recyclable. AYS's major activity is distributing a diverse range of steel products predominantly in the ASEAN region. AYS provides reliable source of quality steel products to various economic sectors such as construction, engineering and steel fabrication, oil & gas, power plant and shipbuilding. The cover page of AYS's Annual Report 2022 represents AYS has a holistic approach and takes courage and commitment to adhere to the Economic, Social and Governance ("ESG") principles. AYS, as one of a steel market leaders through which we are committed to continue to deliver highly differentiated product offerings, enhance the sales capability, provide total solutions client service and improve operational effectiveness.

REDUCING THE ENVIRONMENTAL IMPACT OF THIS ANNUAL REPORT

AYS has always been committed to making a difference to the environment. Thus, we have taken conscious efforts to manage and minimise the environmental impact of our annual report and related processes, and that is why we only print limited hardcopies of our annual report. Please help us in our effort by opting to download the softcopy of AYS Annual Report 2022 and all other documents in relation to the 11th Annual General Meeting 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.

FEEDBACK

AYS values feedback, comments and enquiries on this Annual Report. Please contact our Investor Relations team at aysh@ays-group.com.

STATEMENT OF THE BOARD OF DIRECTORS OF AYS VENTURES BERHAD

AYS's Board of Directors acknowledges its responsibility in ensuring the presentation, integrity and completeness of the Annual Report 2022. The Board is confident that all efforts have been made to provide coherence and comprehensive disclosure of the activities during the financial year under review.

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VISION, MISSION AND VALUES

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 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



**Maximise
Resources**



**Serving
Customer
Needs**



**Cost
Effectiveness**



Teamwork



**Increase
Market
Share**



CORPORATE INFORMATION

BOARD OF DIRECTORS

HAJI MOHD. SHARIF BIN HAJI YUSOF

*Independent Non-Executive
Chairman*

OH CHIEW HO

Senior Group Managing Director

OH POOI FOON

Group Managing Director

OH YUNG SIM

Deputy Group Managing Director

TOH TUAN SUN

*Non-Independent Non-Executive
Director*

SEOW NYOKE YOONG

*Independent Non-Executive
Director*

MOHAMAD FAZLIN BIN MOHAMAD

*Independent Non-Executive
Director*

DATO' WAN HASHIM BIN WAN JUSOH

*Independent Non-Executive
Director*

AUDIT COMMITTEE

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

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

Seow Nyoke Yoong
*(Member) Independent
Non-Executive Director*

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

NOMINATION COMMITTEE

Seow Nyoke Yoong
*(Chairman) Independent
Non-Executive Director*

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

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

REMUNERATION COMMITTEE

Seow Nyoke Yoong
*(Chairman) Independent
Non-Executive Director*

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

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

COMPANY SECRETARY

Leong Oi Wah (SSM Practicing
Certificate No. 201908000717)

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
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
The Hongkong & Shanghai Banking
Corporation Limited
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 : Products
& Services
Sub-sector : Building Materials

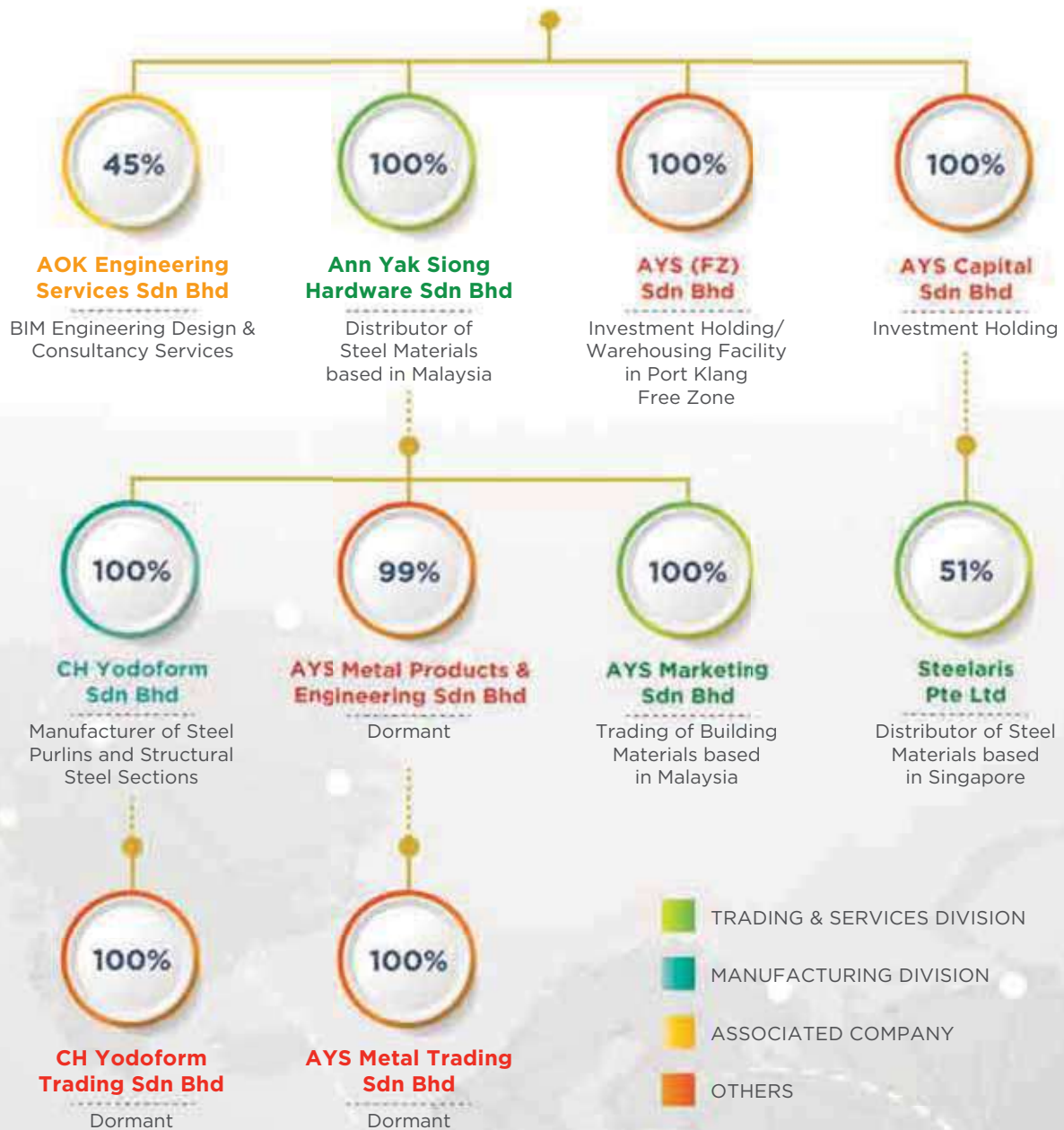
CORPORATE STRUCTURE



AYS VENTURES BERHAD

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

Investment Holding



WHO WE ARE

REVENUE:

RM1,116.486 Million

in FYE 2022 vs. RM753.658 Million in FYE 2021

PROFIT AFTER TAX:

RM116.524 Million

in FYE 2022 vs. RM24.572 Million in FYE 2021

NET ASSETS PER SHARE:

RM0.94

in FYE 2022 vs. RM0.73 in FYE 2021

Over the last 39 years, AYS Ventures Berhad and its group of companies ("AYS" or "Group") operate in the trading, marketing and manufacturing of a diversified range of steel products and building materials. Throughout the years, our businesses have established a strong presence in Malaysia and Singapore and we identify ourselves as one of the market leaders in the distribution business of steel related products and building materials.

WHAT WE DO



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.

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.



WHAT WE DO

CONT'D

Manufacturing Division

The Group's Manufacturing division focuses on the production of steel purlins and customised structural steel components used in the steel construction industry. The manufacturing division is equipped with modern facilities with some latest technologies in automation machining, paving way towards Industrial 4.0.



Others Division

The Group's associate company AOK Engineering Services Sdn. Bhd. ("AOK") provides Building Information Management ("BIM") Engineering services. The in-house facilities would be able to provide data for customers in relation to material procurement for the maximum usage optimisation, saving time and cost. Apart from this, the division also houses the Group's holding company, investment holding companies and 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. In addition, the Group operates a 160,000 square feet warehousing space in the Port Klang Free Zone ("PKFZ") and the warehouse is currently being leased out to a third-party warehouse and logistics service provider.



OUR PRESENCE



Malaysia



Singapore

	Malaysia	Singapore
Warehouse	4	2
Factory	1	-
Offices	3	1
Employees	204	51



Total storage capacity of approx. 128,000 metric tons



5.1 acres
Corporate HQ and
Warehousing Space
in Meru, Klang



3.2 acres
Warehousing Space
and Regional Office
in Singapore



2.2 acres
Warehousing Space
in Bukit Raja, Klang



9.3 acres
Factory and
Warehousing Space
in Kapar, Klang



OUR CERTIFICATIONS AND RECOGNITIONS

ANN YAK SIONG HARDWARE SDN BHD
AYS MARKETING SDN BHD
CH YODOFORM SDN BHD

- ✓ ISO 9001:2015
- ✓ ISO 14001:2015
- ✓ ISO 45001:2018



STEELARIS PTE. LTD

- ✓ ISO 9001:2015
- ✓ ISO 14001:2015
- ✓ ISO 45001:2018



STEELARIS PTE. LTD

- ✓ Official adopter of Tripartite Alliance for Fair Employment Practices



OUR MILESTONES

1982	<ul style="list-style-type: none"> Mr Oh Chiew Ho co-founded Ann Yak Siong Hardware Sdn Bhd (“AYSH”), started in a humble steel and hardware trading company with just a mere 3 employees and a 2,000 sq.ft. lease land at Jalan Kapar, Klang.
1985	<ul style="list-style-type: none"> AYSH shifted to an approximately 0.5 acres lease land, operated in a container office at Jalan Sungai Rasau, Klang due to the earlier storehouse was razed in a fire.
1990	<ul style="list-style-type: none"> As the business expands, AYSH acquired a piece of 2.177 acres freehold industrial land at Bukit Raja, Klang and constructed a covered warehouse annexed with office building.
1992	<ul style="list-style-type: none"> AYSH relocated to the then Head Quarter at Bukit Raja, Klang. AYSH acquired a piece of 3.556 acres freehold industrial land at Jalan Kapar, Klang.
1993	<ul style="list-style-type: none"> AYS Marketing Sdn Bhd (“AYSM”) was incorporated to venture into trading and marketing of building and construction materials.
1994	<ul style="list-style-type: none"> AYS Metal Products and Engineering Sdn Bhd (“AYSMPE”) was incorporated and the business ventured into the manufacturing and trading of panels and components for sectional tanks.
1996	<ul style="list-style-type: none"> Following the rapid expansion of the business, AYSH acquired a piece of 4.342 acres freehold industrial land at Jalan Kapar, Klang. CH Yodoform Sdn Bhd (“CHY”) was incorporated to manufacture steel purlins.
1997	<ul style="list-style-type: none"> AYS Wire Products Sdn Bhd was incorporated and the business ventured into the manufacturing and trading of wire products.
2001	<ul style="list-style-type: none"> AYSH acquired a piece of 1.397 acres freehold industrial land at Jalan Kapar, Klang.
2003	<ul style="list-style-type: none"> AYSMPE was awarded the ISO 9001:2000 Quality Management System by Lloyd’s Register Quality Assurance.
2009	<ul style="list-style-type: none"> AYSH acquired a piece of 5.087 acres freehold industrial land at Jalan Haji Abdul Manan, Klang.
2010	<ul style="list-style-type: none"> CHY obtained the Factory Production Control (“FPC”) Certificate from the Building and Construction Authority of Singapore (“BCA”) for the sale of steel purlins to Singapore. AYSH relocated to the present Head Quarter with a newly fully renovated four storey office building.
2012	<ul style="list-style-type: none"> AYS Ventures Berhad was incorporated and listed on the Main Market of Bursa Malaysia, trading as AYS (5021).
2015	<ul style="list-style-type: none"> AYS then acquired Infinity FZ Sdn Bhd, currently known as AYS (FZ) Sdn Bhd and begins its operation of warehousing and storage facility in the Port Klang Free Zone. AYS formed a Joint Venture with Kondo Steel, Okaya Japan and Okaya Malaysia to venture into Building Information Modelling, establishing AOK Engineering Services Sdn Bhd.
2018	<ul style="list-style-type: none"> AYSH, AYSM, AYSMPE & CHY obtained the certificate of: <ul style="list-style-type: none"> ✓ ISO 9001:2015 ✓ SO 14001:2015 ✓ OHSAS 18001:2017
2019	<ul style="list-style-type: none"> AYS acquired a 51% stake in leading Singaporean steel distributor, Steelaris Pte. Ltd. (“Steelaris”) to further expand on the export business as a strategy of being the leading regional steel distributor.
2020	<ul style="list-style-type: none"> AYSH acquired a piece of 23.51 acres freehold industrial land at Jalan Bukit Kerayong, Kapar, Klang for the consolidation of AYS Group’s business and warehouse operations (Warehouse Rationalisation Programme).
2021	<ul style="list-style-type: none"> Steelaris has adopted the Tripartite Standards and is an official adopter of Tripartite Alliance for Fair Employment Practices. AYS successfully completed a private placement of 38,041,000 shares on the Main Market of Bursa Securities.
2022	<ul style="list-style-type: none"> AYSH, AYSM, CHY & Steelaris upgraded and obtained the certificate of: <ul style="list-style-type: none"> ✓ ISO 45001:2018 AYS Group achieved a revenue breakthrough of over RM1 billion.

OUR BOARD AT A GLANCE

COMPOSITION

Executive Director

3

Non-Independent Non-Executive Director

1

Independent Non-Executive Director

4

GENDER DIVERSITY

FEMALE

2

MALE

6



PROFILE OF DIRECTORS



**HAJI MOHD. SHARIF
BIN HAJI YUSOF**

**Independent Non-
Executive Chairman**

**Malaysian
Aged 83, Male**

Date of Appointment: 17 November 2011
Board Meetings Attended: 4/4

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.



OH CHIEW HO

**Senior Group
Managing Director**

**Malaysian
Aged 76, Male**

Date of Appointment: 2 June 2020
Board Meetings Attended: 4/4

Profile:

Mr. Oh Chiew Ho has been the key driving force in steering the corporate direction and growth of the AYSH 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 AYSH Marketing Sdn Bhd to venture into trading and marketing of building and construction materials. In 1994, he incorporated AYSH 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 AYSH 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 group of companies 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 AYSH 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 164 of this Annual Report. He is the father of Mr Oh Yung Sim, Mr Oh Yung Wooi, Mr Oh Yung Kwan and Ms Oh Pooi Foon. He has no conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS

CONT'D



OH POOI FOON

Group Managing Director

**Malaysian
Aged 42, Female**

OH YUNG SIM

Deputy Group Managing Director

**Malaysian
Aged 48, Male**

Date of Appointment: 2 June 2020
Board Meetings Attended: 4/4

Profile:

Ms. Oh Pooi Foon graduated from Melbourne University, Australia in 2003 with a Bachelor of Physiotherapy. Upon graduation in 2003, she worked 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. In 2017, she was re-designated to Deputy Group Managing Director and in 2020, she was promoted to Group Managing Director. 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 164 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: 4/4

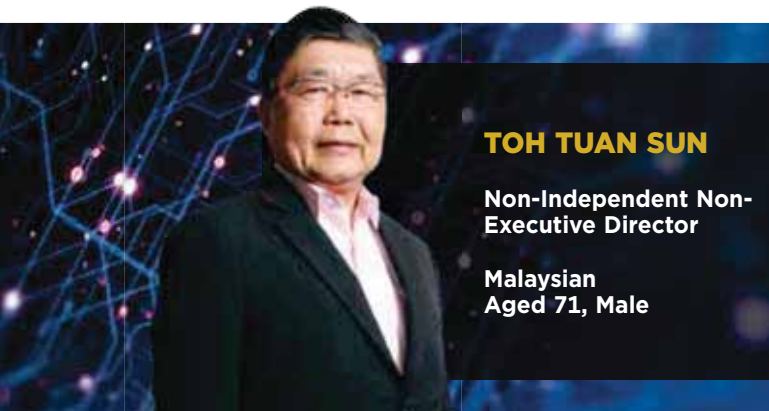
Profile:

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 AYS Group's operations especially in the areas of information technology and corporate development and provides support to the then Group Managing Director to ensure that the Manufacturing Division achieves its business objective and creates an environment that promotes staff commitment to the achievement of the organisational vision, mission, and strategy. In 2017, he was re-designated to Deputy Managing Director and in 2020, he was re-designated to Deputy Group Managing Director. 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 164 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 71, Male**



**SEOW NYOKE
YOONG**

Independent Non-Executive Director

**Malaysian
Aged 61, Female**

Date of Appointment: 17 May 2016

Board Meetings Attended: 4/4

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 164 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: 4/4

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 was in legal practice after her graduation and retired from legal practice in 2014. 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



**MOHAMAD FAZLIN
BIN MOHAMAD**

**Independent Non-
Executive Director**

**Malaysian
Aged 50, Male**



**DATO' WAN
HASHIM BIN
WAN JUSOH**

**Independent Non-
Executive Director**

**Malaysian
Aged 65, Male**

Date of Appointment: 17 November 2011
Board Meetings Attended: 4/4

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 My Magnus Sdn Bhd.

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

Date of Appointment: 1 December 2017
Board Meetings Attended: 4/4

Profile:

Dato' Wan Hashim Bin 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 NonMetallic 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 Bin 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 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: 47 / 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, he was promoted to become the Materials Director in 2009, and is responsible for the materials control, total warehousing and logistics functions of AYSH. In 2020, he was promoted to Executive Director of AYSH and currently, he is responsible for managing the overall distribution channel in AYSH.

Oh Yung Kwan

Executive Director

Ann Yak Siong
Hardware Sdn Bhd

Nationality: Malaysia
Age / Gender: 44 / 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 in AYSH, assisting Group General Manager for planning, organising and overseeing operations of subsidiary companies of AYS Group as well as overseeing Group Human Resources/Administration Department and Payroll. In 2020, he assumed a key role and was tasked to oversee the overall operations, design and implement business strategies, plans and procedures of AYSH, AYSM and AYS (FZ) Sdn Bhd.

Woon Yang Leng

Group Technical and
Marketing Director

Nationality: Malaysia
Age / Gender: 63 / 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. Currently, he is responsible for the operations of CH Yodoform Sdn Bhd and AOK Engineering Services Sdn Bhd.

PROFILE OF KEY SENIOR MANAGEMENT

CONT'D

Ang Tee Seng

Managing Director

Steelaris Pte Ltd ("SPL")

Nationality: Malaysia

Age / Gender: 47 / 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 SPL, he joined a prominent Singapore steel stockist and has extensive cross functional experience in warehousing, distribution, sales, purchasing, team management and supply chain optimisation.

Tay Yew Thiam

Chief Financial Officer

Nationality: Malaysia

Age / Gender: 56 / Female

Date of Appointment:

1 January 2022

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 member of the Malaysian Institute of Accountants, a Certified Financial Planner registered with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia. She started her career with a financial institution in 1991 as an Audit Executive and subsequently in 1992, she joined a water treatment chemicals company as an Assistant Accountant. In 1993, she joined Anshin Group as a Finance & Accounts Executive until 1997 she was transferred to serve the holding company in the Ann Joo Group. In 2007, she resigned as the Head-Financial Accounting Unit of Ann Joo Resources Berhad to venture on her own in the field of management services prior to joining AYS Group.

Ms. Tay together with her more than 25 years of working experience in the area of financial and corporate services, she joined Ann Yak Siong Hardware Sdn Bhd in 2012 as a Senior General Manager - Corporate Affairs and is responsible for corporate financial reporting and compliance, investor relations, corporate development activities as well as participating in strategic planning and new business initiatives of AYS Group. She was appointed as the Group Financial Controller in 2017 and promoted to the current position in 2022, is responsible for the overall financial management, accounting, credit control and corporate function of the 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

“ Despite facing another year filled with challenges, we are empowered through the agile way of working and driven by our commitment to ensuring that our stakeholders progress together with us. AYS’s Profit Before Tax for the financial year ended 31 March 2022 (“FYE 2022”) came in at RM145.472 million, from the record of RM28.924 million posted in the financial year ended 31 March 2021 (“FYE 2021”) ”



MANAGEMENT DISCUSSION & ANALYSIS

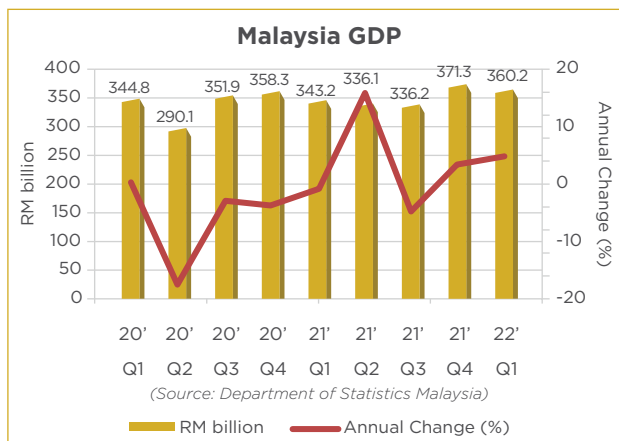
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STRATEGIC REVIEW

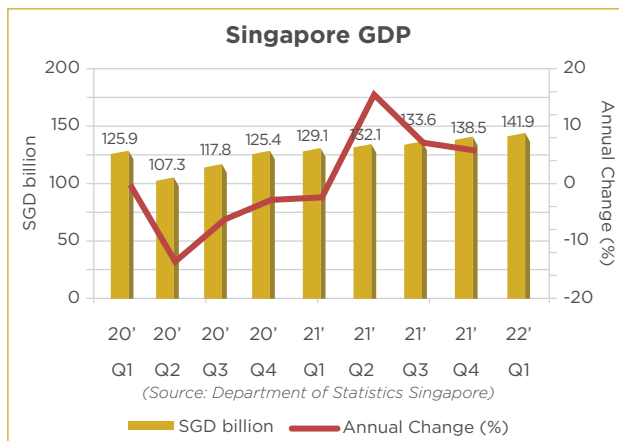
OPERATING ENVIRONMENT AND OUTLOOK

Financial Year 2022 ("FY 2022")

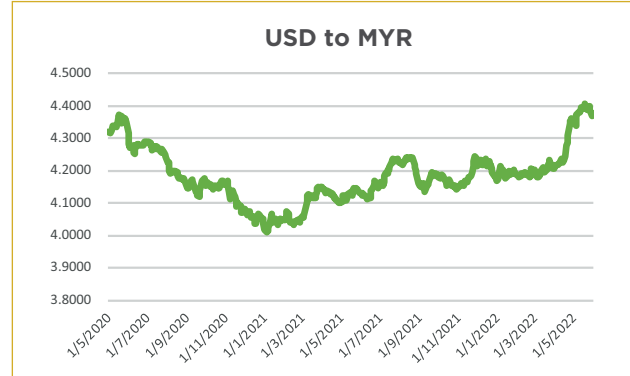
March 2022, marked the second anniversary of Malaysia's first lockdown when Malaysia and other countries around the world were struggling to combat coronavirus disease ("COVID-19"). Throughout the FY 2022, AYS focused on doing what we could in terms of managing the business during COVID-19 pandemic that affected all walks of life globally. Many industries and businesses faced various problems such as supply chain disruptions and supply constrictions, inflated shipping and logistics costs, rising cost of raw materials, higher energy costs and commodity prices, weak domestic currency, as well as a shortage of workers.



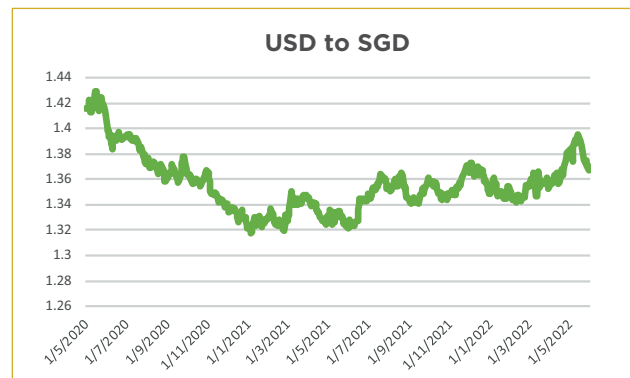
Malaysia's gross domestic product ("GDP") performance in 2021 showed signs of improvement, with a 3.1 percent increase compared to a contraction of 5.6 percent in 2020 (Source: Department of Statistics Malaysia).



Singapore's GDP expanded by 7.6 percent in 2021 compared to a contraction of 5.8 percent in 2020 (Source: Department of Statistics Singapore).



The Malaysia ringgit ("MYR") has strengthened slightly over 2021 compared to 2020, was largely due to persistent US dollar weakness. However, due to the impact from geopolitical factors such as war between Russia and Ukraine, rise in interest rate by United States' Federal Reserve (Fed), the MYR skid past 4.40 in May 2022, its weakest on record since March 2020.



On the other hand, the SGD is also taken a toll as the COVID-19 community cases in Singapore has surged to all time high during 2021. With Singapore's economic fundamentals are going strong, the under-performance of SGD is expected to be short-lived.

Nonetheless, through concerted efforts by the Management under the strategic guidance of the Board of Directors ("Board"), we intensified our efforts this past year to further embed resilience and sustainability in our marketplace. We have built our resiliency through prudent market strategies, underpinned by our business continuity plans that include ensuring strong financial discipline; digitalisation of our systems and processes; safeguarding the safety and health of our employees, customers and business partners; while minimising disruptions to our businesses.

Overall, we are pleased with our stellar performance in FYE 2022 as we demonstrated agility in managing our markets and meeting the evolving needs of our customers as well as adaptability to overcome a very challenging operating environment besides the elevated global steel prices.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Outlook

The International Monetary Fund in the April 2022 World Economic Outlook downgraded the global growth from 5.9 percent in 2021 to 3.6 percent in 2022 and 2023 largely due to the Russia's invasion of Ukraine, China's renewed virus lockdowns, continued supply disruption caused by emergence of new COVID-19 variants, rise in energy and commodity prices, increase in global interest rates as well as global inflation pressure. On domestic front, the Bank Negara Malaysia ("BNM") has projected Malaysia's economy to grow by between 5.3 percent and 6.3 percent in 2022. This is underpinned by several factors including continued expansion in external demand supported by global demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand (*Source: 2021 Economic and Monetary Review report*). On the other hand, Singapore has maintained its growth forecast for 2022 at 3 to 5 percent after taking into account the global and domestic economic environment, and barring the materialisation of downside risks in the global economy (*Source: Singapore Ministry of Trade and Industry's Economic Survey report*).

After more than two years of battling the COVID-19 pandemic, Malaysia has entered the transition to endemic phase on 1 April 2022. The Malaysian economy would benefit from the reopening of more economic and social sectors as well as the country's borders, supported by higher oil prices, increase in trade and commerce, fully vaccinated population and more foreign direct investments as the country attains macroeconomic stability which is vital for the Ringgit.

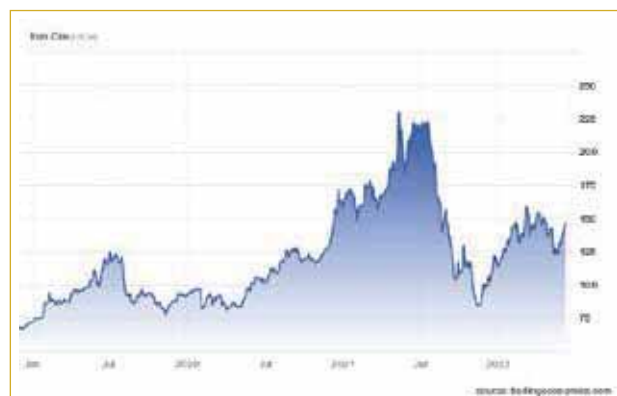
Moving into FY 2023, the Board remains committed to transition to more effective and sustainable solutions to optimise AYS's businesses. We will continue to focus on operations and cost optimisation, strive to excel in providing quality products and services that deliver value growth for our stakeholders and to generate positive outcomes for our shareholders, investors and stakeholders in the longer term.

The Steel Industry

Steel remains as one of the most essential and most commonly used class of engineering materials. 2021 saw a stronger than expected recovery in steel demand driven by the ongoing recovery of economy, higher vaccination rates across the world and government support measures. Steel prices also increased sharply on the back of hike in raw material prices such as scrap, coking coal and iron ore, resulting from the supply tightness and global supply chain disruptions (i.e., shortage of components and raw materials, skyrocketing energy prices, rising shipping costs, etc.) coupled with the China's zero-COVID strategy's lockdowns as well as its government's tight control over steel production and the removal of export rebates. The situation further accelerated by the conflict between Russia and Ukraine, which are exporters of steel products, has sent steel prices soaring to a higher level.

The largest steel using sector, construction, remained more resilient than most and we expect this to continue.

Iron ore price, 2019 – 2022



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Outlook

Demand for steel has increased by record amounts over the past two years, and this has led to record-high steel prices in 2021. The World Steel Association forecasts that steel demand will edge up 0.4 percent in 2022 to 1.84 billion metric tons after increasing by 2.7 percent in 2021 and will grow a further 2.2 percent in 2023 to 1.88 billion metric tons (source: Short Range Outlook April 2022).

The global steel market came under pressure as new lockdown measures in China sparked concern about economic growth. China is the largest steel producer in the world and the second largest economy globally. As steel is primarily used in the construction sector, a slowdown in economic growth will likely result in fewer infrastructure and property project, and hence lower steel demand. Nevertheless, analysts expect robust restocking demand in China once COVID-19 restriction ease as China will step up infrastructure construction in underpinning the economy, thus expect it will lift demand for steel and continue to support steel prices.

In the Twelfth Malaysia Plan, 2021-2025, a number of major public sector projects for infrastructure will be undertaken include the Central Spine Road, the East Coast Highway (LPT) 3, Pan Borneo Highway, West Coast Expressway, Klang Valley Double Track, Gemas-Johor Bahru Electrified Double Track and East Coast Rail Link (ECRL). Furthermore, private sector demands are also seeing firmer signs of recovery. The construction of these projects and infrastructural developments, are anticipated to remain primary factors driving the demand for structural steel.

On the other hand, Singapore's construction and civil engineering demand are expected to remain buoyant for 2022. The Building and Construction Authority expects a steady improvement in the total construction demand to reach between S\$27 billion and S\$32 billion in 2022 supported by both public sector and private sector amid Singapore's strong economic fundamentals.

Moving forward, AYS remains cautiously optimistic on the outlook for FYE 2023. The rebound in economic activity, greater mobility and the reopening of international borders will support growing demand for our steel products. We will continue to focus in strengthening strategic partnerships with global steel mills. With our strong network of suppliers and strategic procurement, our supply chain becomes more efficient, cost effective and productive. Thus, we will be able to procure steel products that are high in demand and improve our margins.

However, the ongoing supply chain disruptions, skyrocketing energy and carbon prices, persisting inflation rate, global policy and political changes as well as other risks as outlined in the next section of the report may put the recovery of the steel sector at risk.

VALUE CREATION MODEL

AYS focus on long-term value creation through operational, financial, social, environmental and reputational resilience. The illustration below determining how we create value.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

VALUE CREATION BUSINESS MODEL

Value Creation Process

INPUT

Manufactured Capital

- Approximately 20 acres of warehousing space with 128,000 metric tons of storage capacity.
- State-of-the-art industrial 4.0 ready factory.

Financial Capital

- Total assets: RM1,094.479 million.
- Total borrowings: RM441.191 million.
- Shareholders' fund: RM395.011 million.

Human Capital

- 255 total number of employees.
- 41% female employees.
- 31 training programmes with a total of 126.5 hours.

Social Capital

- Partnership with total of more than 300 suppliers globally.
- Over 58% of them being local vendors and suppliers of goods and services.

Natural Capital

- Steel is a recyclable material.
- Paperless and energy saving programmes initiated in our operating locations.

Intellectual Capital

- We have over **39 years** of experience.
- Our operation is supported by a fully customised mobility platform powered by SAP.



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D



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.

Practicing good corporate social responsibilities.

Rewarding all stakeholders equitably.



Values & Principles

Serving Customer Needs

Cost Effectiveness

Increase Market Share

Teamwork

Maximise Resources

WHILE MANAGING KEY RISKS

Competition

Fluctuation in Steel Price

Sales and Marketing – Manufacturing Division

OUTPUT & OUTCOMES



Economic

- Revenue: RM1,116.486 million.
- PBT: RM145.472 million (Profit Before Tax).
- Steel manufactured products: 11,267 metric tons.

Social

- Long lasting business relationships.
- Strong network of suppliers and customers.
- Able to source materials in high demand.
- Received customer satisfactory rate of over 86%.
- Annualised staff turnover rate of 3.14%

Governance

- Certified with Integrated Management System (IMS) ISO 9001:2015, ISO 14001:2015, ISO 45001:2018
- Anti-Bribery and Corruption Policy, Whistleblowing Policy and Code of Business Conduct

Environmental

- Lowered energy consumption intensity by 39%

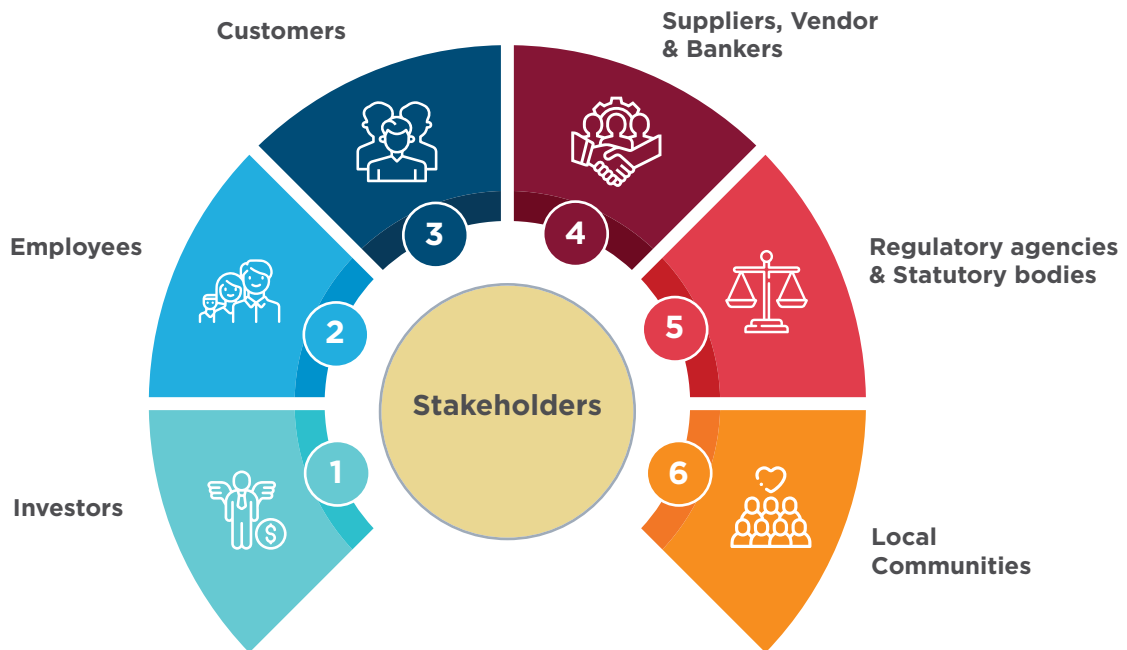
MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

STAKEHOLDERS ENGAGEMENT



AYS values credible inputs and feedback from its internal and external stakeholders on various aspect of AYS's business and operations. We believe it is important to engage in meaningful dialogues with all our stakeholders to understand their views and values and we carefully consider the interests and key concerns of our stakeholders in our strategy, management decisions and prioritise actions within our sustainability work. We are also committed to ensure our communication with the shareholders and various stakeholders is transparent, timely, reliable and accurate.

We have identified six main stakeholder groups, namely investors, employees, customers, suppliers, vendors & bankers, regulatory agencies & statutory bodies and local communities.



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

STAKEHOLDERS	ENGAGEMENT PLATFORMS	INTERESTS & CONCERNS	FREQUENCY
 <p>INVESTORS</p>	<ul style="list-style-type: none"> Annual General Meetings Meetings and briefings with analysts and fund managers Annual Reports & Sustainability Statements Bursa Malaysia announcements Quarterly and annual financial results announcements Online communications (email, corporate website, social media) 	<ul style="list-style-type: none"> Group Performance (financial and non-financial) Business sustainability Market dynamics Growth plans Shareholders' returns Corporate governance 	<ul style="list-style-type: none"> Quarterly Annually As required
<p><u>Our response</u></p> <ul style="list-style-type: none"> Disseminate complete, transparent and timely information to investors Increase productivity through efficient business processes to optimise financial performance Continue to enhance investors' understanding while virtually maintaining regular engagement sessions with existing investors Adopt corporate governance best practices and comply with the internal and external policies and regulations 			
 <p>EMPLOYEES</p>	<ul style="list-style-type: none"> Meetings (virtually or physically) with feedback sessions Training and engagement sessions on various topics Circulars/Emails Employee appraisal Other employee engagements activities (e.g. festive celebrations) 	<ul style="list-style-type: none"> Training and development Performance evaluation and management Staff remuneration and benefits Employee safety, health and well-being 	<ul style="list-style-type: none"> Monthly Quarterly Annually As required
<p><u>Our response</u></p> <ul style="list-style-type: none"> Provide various training and development programmes Strengthen performance management framework to attract and retain talent Conducting salary benchmarking exercise for comparison against the market and retention programmes Promote a safe work environment, provide regular updates to create awareness of safety Closely monitor and enhance employee welfare and well-being Provide assistance to employees affected by COVID-19 and the floods 			
 <p>CUSTOMERS</p>	<ul style="list-style-type: none"> Meetings with customers (virtually and physically) with feedback sessions Emails, phone calls, customer satisfaction surveys or other means Community and networking events 	<ul style="list-style-type: none"> Quality products and services Competitive pricing and timely delivery Efficient complaints resolution Safeguarding of customer privacy and data protection 	<ul style="list-style-type: none"> Annually As required
<p><u>Our response</u></p> <ul style="list-style-type: none"> Embark on digital transformation journey to improve the efficiency of business operation in order to deliver values to satisfy customers Proactively respond to our customers' needs and concerns through our customer feedback system IT security awareness training for all employees to ensure they understand their role in protecting customer information and dealings 			

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

STAKEHOLDERS	ENGAGEMENT PLATFORMS	INTERESTS & CONCERNS	FREQUENCY
 <p>SUPPLIERS, VENDORS AND BANKERS</p>	<ul style="list-style-type: none"> Regular meetings (virtually and physically) Day-to-day interactions, emails, phone calls Evaluation and performance reviews Site visits 	<ul style="list-style-type: none"> Transparency of procurement practices/guidelines Sustainability in supply chain Fair competition and potential business opportunities Payment schedule 	<ul style="list-style-type: none"> Annually As required
<p><u>Our response</u></p> <ul style="list-style-type: none"> Fair evaluation of vendor proposals Uphold responsible and ethical procurement practises Negotiate with vendors to ensure best value Promptness of payment 			
 <p>REGULATORY AGENCIES AND STATUTORY BODIES</p>	<ul style="list-style-type: none"> Emails/letters to provide feedback, updates and queries Formal meetings, briefings, visits and consultations 	<ul style="list-style-type: none"> Compliance with laws and regulations Good corporate governance Occupational health and safety Ethical and responsible business practices Effective internal control measures and risk management practices 	<ul style="list-style-type: none"> As required
<p><u>Our response</u></p> <ul style="list-style-type: none"> Continuously improving and strengthening compliance capabilities Consistently conducting training programmes that raise compliance awareness about risk and integrity policies among employees Effective enforcement of safety requirements, standards and procedures Develop various integrity policies such as Code of Business Conduct, Anti-Bribery and Corruption Policy and Procedure and Whistleblowing Policy and ensure are up to date at all times 			
 <p>LOCAL COMMUNITIES</p>	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") programmes News portals, emails, websites, posters 	<ul style="list-style-type: none"> Contribution to the community through donations, blood donation campaign Health and safety measures and environmental impact on business operations 	<ul style="list-style-type: none"> Bi-weekly Annually As required
<p><u>Our response</u></p> <ul style="list-style-type: none"> Participation in CSR programmes i.e. implement recycling programme and blood donation campaign in office, reduce paper waste, replace incandescent light bulbs with energy-saving LED bulbs Charity giving, donation and contributions to the underprivileged and needy Appropriate systems and procedures for the continuous reduction of chemicals in products and processes, and appropriate disposal of chemical and hazardous waste 			

MANAGEMENT DISCUSSION & ANALYSIS

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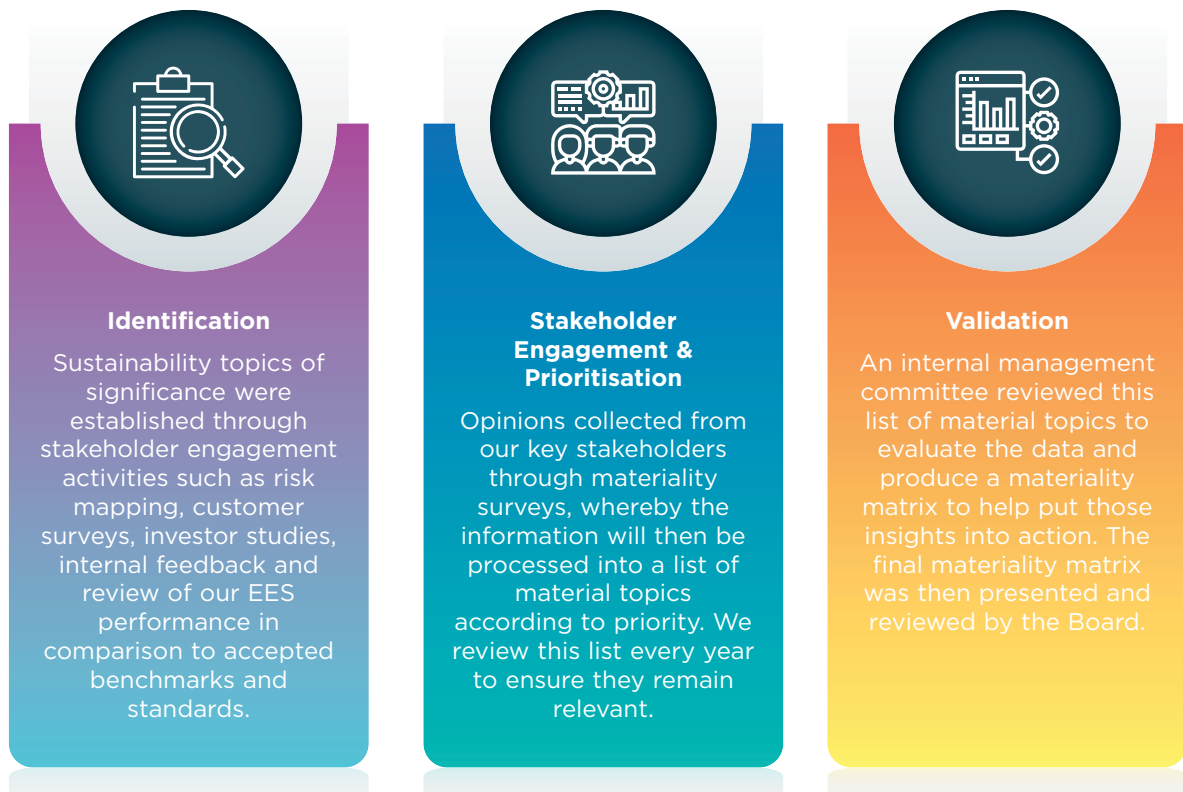
MATERIAL MATTERS

The Group maintains a continuous engagement with our stakeholders to better understand the significance of specific economy, environment and society material topics to them. These insights play important role in setting the direction of our sustainability journey and the formulation of our forward moving strategy in alignment with our stakeholders' needs and expectations.

In FYE 2018, the Group conducted its first materiality assessment via our three-step process below and identified 15 material sustainability matters representing our economic, 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.

Our Material Matters Identification Process

Our Material Matters Identification Process

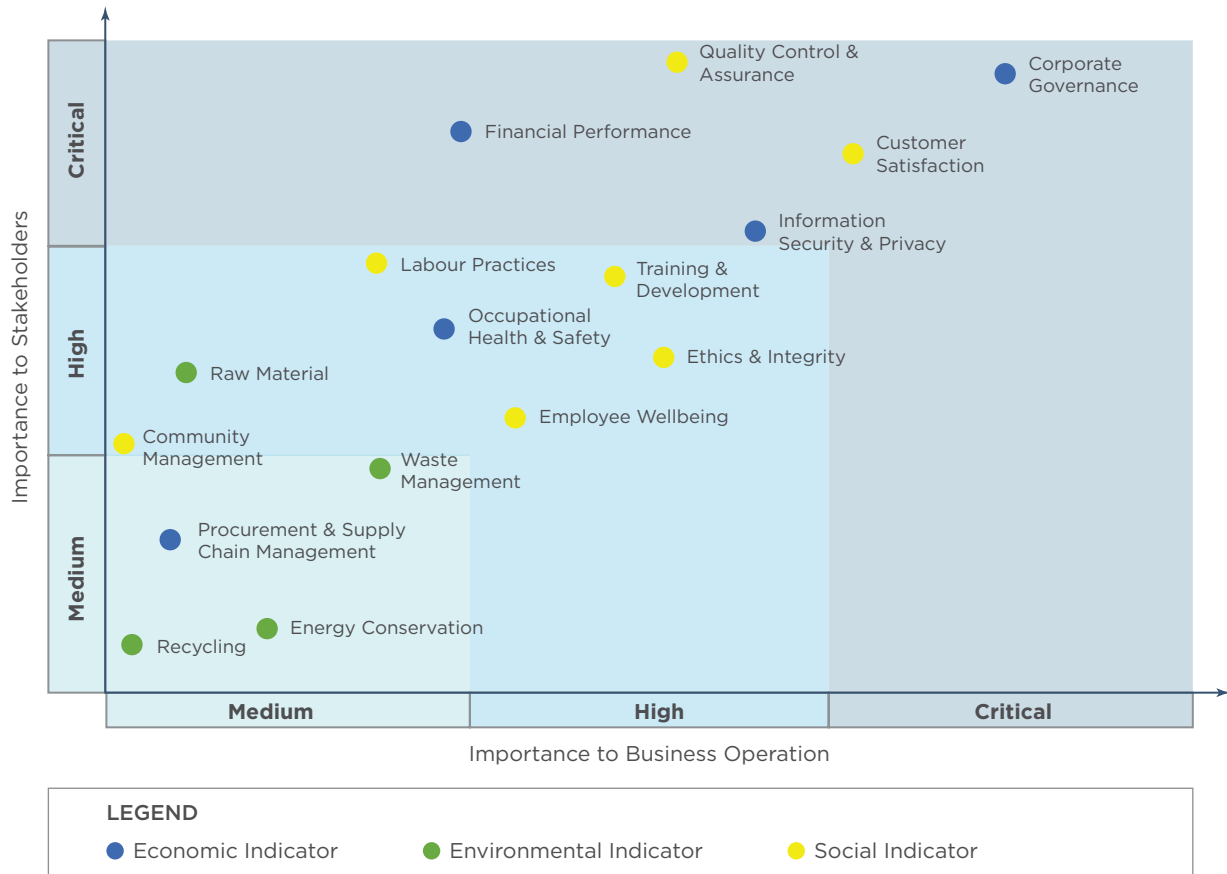


MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Material Matters for FYE 2022

This year, a materiality assessment was conducted and we maintained the 15 identified material matters as relevant to AYS, alongside 1 newly identified material matter that is information security and privacy. The following matrix presents the Group's material matters:



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D




RISK AND MITIGATION STRATEGIES

Key risks and mitigation

AYS is cognisant of the fast-paced business environment it operates in and constantly monitors the business risks and steps taken to mitigate its impact within the Group.

We embedded Enterprise Risk Management into our culture, governance structures and internal control framework to identify, evaluate and manage the strategic, financial and operational risk that may impact the Group within the Group's risk appetite.

The Group's key risks and mitigation measures in no order of priority are as follows:

Key Risks	Description	Mitigation Strategy	Link to Material Topics
 Competition	Intense competition in the market arising from new entrances of players, expansion of competitors' networks and fare wars may result in lower margin.	The Group will focus to achieve economies of scale by increasing capacity and production for better pricing strategy. Furthermore, the Group differentiates itself from competitor by constantly innovating to provide value-added solutions to customer.	<ul style="list-style-type: none"> - Procurement and Supply Chain Management - Financial Performance - Customer Satisfaction - Quality Control and Assurance
 Fluctuation in steel price	Fluctuations in steel prices would have significant impact on the profitability. Steel is a key cost component for our business operations.	The Group actively monitoring and managing its exposure by always keep up to date market information and market changes and implemented on our sales strategy in accordance with information obtained. AYS developed rapport with our suppliers to ensure favourable pricing available.	<ul style="list-style-type: none"> - Raw Materials - Procurement and Supply Chain Management - Financial Performance - Corporate Governance
 Sales & Marketing - Manufacturing Division	Inadequate or below than expected sales volume of products may lead to idle time in the Manufacturing division. Manufacturing costs play an important part in the successful of a product. Any inefficiency in managing manufacturing costs may lead to non-competitive pricing strategies for a product. This may lead to unsustainable business especially on initial stage of production.	<p>The Group has in place marketing strategies to increase sales team performance and customer service by constantly expanding market coverage.</p> <p>The Group also reviews the pricing strategies from time to time to reflect current trend to attract customers.</p>	<ul style="list-style-type: none"> - Quality Control and Assurance - Financial Performance - Procurement and Supply Chain Management - Customer Satisfaction

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 organisation and is the blueprint for business growth and sustainability.

Our strategic priorities to move the Group forward as follows:



Regionalisation

With our Regionalisation strategy to expand our footprints towards greater APEC region, we have ventured into Singapore by acquiring Steelaris Pte Ltd ("Steelaris") in 2019. In FYE 2022, integration of both Steelaris and our Malaysian's entities have seen a strong synergy by complementing each other strengths and weaknesses. AYS continues open for any possibility for any merger and acquisition ("M&A") opportunities to further expand our market coverage within APEC region.



Value-Added Businesses

Value-added business solution is one of our key strategies to differentiate ourself with competitors. By strengthening our value chain, we aimed to be a one stop steel solutions provider in steel construction industry by including processing services to add value to our customers.



Operational Streamlining

The acquisition of a piece of vacant freehold land in Bukit Kerayong, Klang measuring 23.51 acres allows AYS to expand its warehouse capacity and to consolidate all our warehousing operations in one single location to improve operational efficiency. With the new warehouses, we would be able to streamline our operational processes with centralised approach on several group functions besides increase turnover.



Digitalisation & Innovation

We continue to work towards a more sustainable business when technologies, innovations and processes are designed in line with business strategy. As we are in the steel industry, we are heavily dependent on human resources. As challenges due to COVID-19 pandemic persisted, we accelerated our adoption of digitalisation by continue investing in digital platforms and infrastructures. Among the initiatives are investment in laptops and enable VPN addresses to allow office-based employees to work-from-home to avoid disruptions to our operation. We continue to transition our learning series including focused talent and leadership development programmes and communication activities to virtual platforms. In addition, in protecting ourselves against digital incursions, we make regular investments into our cybersecurity infrastructure.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

PERFORMANCE REVIEW

FINANCIAL REVIEW

Financial Highlights

GROUP REVENUE

RM 1,116.486
million

FYE 2021: RM753.658 million

MARKET CAPITALISATION

RM 230.152 million

FYE 2021: RM133.146 million

GROUP PROFIT AFTER TAX

RM 116.524 million

FYE 2021: RM24.572 million

BASIC EARNINGS PER SHARE

RM 0.256

FYE 2021: RM0.05

GROUP PROFIT BEFORE INTEREST AND TAX

RM 155.739 million

FYE 2021: RM41.593 million

NET ASSETS PER SHARE

RM 0.94

FYE 2021: RM0.73

RETURN ON TOTAL ASSETS

10.65%

FYE 2021: 3.47%

DEBT EQUITY RATIO

1.07 times

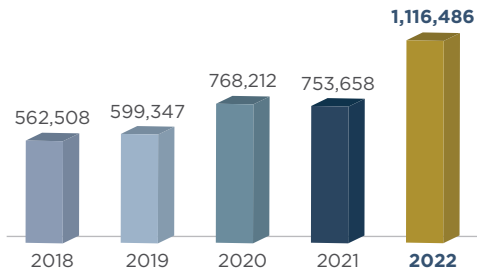
FYE 2021: 1.05 times

MANAGEMENT DISCUSSION & ANALYSIS

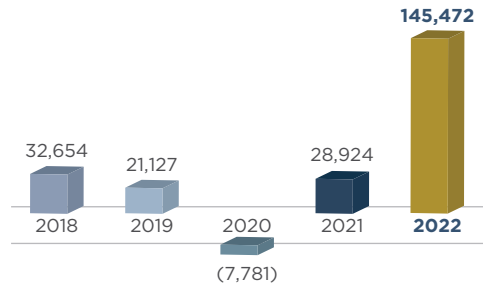
CONT'D

Five Year's Group Summary Results

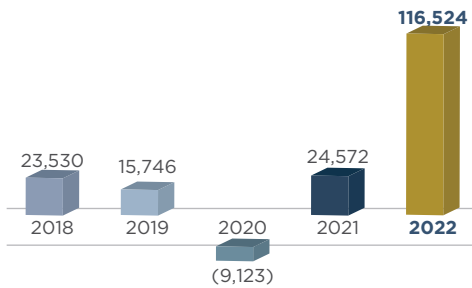
Revenue (RM'000)



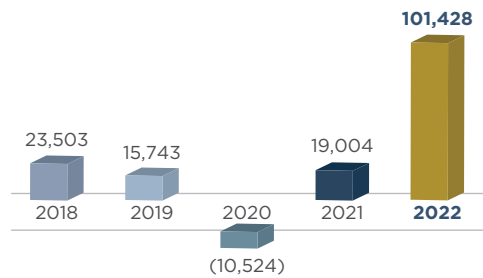
Profit/(Loss) Before Tax (RM'000)



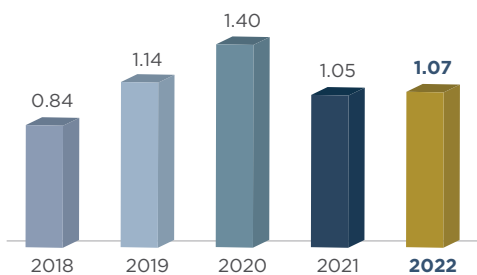
Profit/(Loss) After Tax (RM'000)



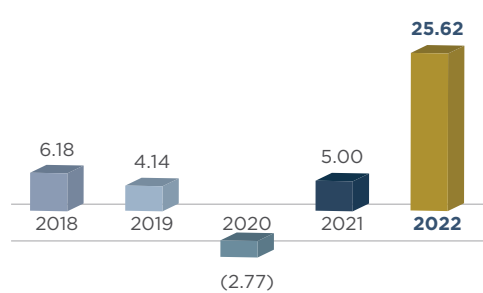
**Profit/(Loss) Attributable To Owners
Of The Company (RM'000)**



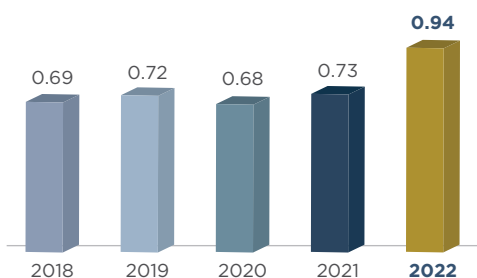
Debt/Equity (times)



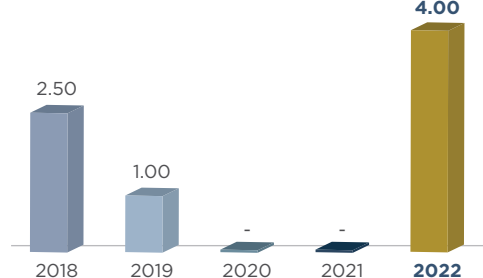
Earnings/(Loss) Per Share (sen)



Net Assets Per Share (RM)



Dividend Per Share (sen)





MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Financial Year Ended 31st March (RM'000)	2018	2019	2020	2021	2022
Revenue	562,508	599,347	768,212	753,658	1,116,486
Profit Before Interest and Tax	40,954	32,500	8,447	41,593	155,739
Finance Costs	9,103	12,472	17,148	13,443	11,039
Profit/(Loss) Before Tax	32,654	21,127	(7,781)	28,924	145,472
Profit/(Loss) After Tax	23,530	15,746	(9,123)	24,572	116,524
Profit/(Loss) Attributable To Owners Of The Company	23,503	15,743	(10,524)	19,004	101,428
Total Equity Attributable To Owners Of The Company	261,608	273,547	258,524	277,462	395,011
Total Assets	542,623	655,375	762,940	707,311	1,094,479
Total Borrowings	219,637	312,815	355,378	293,218	441,191
Debt/Equity (times)	0.84	1.14	1.40	1.05	1.07
Earnings/(Loss) Per Share (sen)	6.18	4.14	(2.77)	5.00	25.62
Net Assets Per Share (RM)	0.69	0.72	0.68	0.73	0.94
Dividend Per Share (sen)	2.50	1.00	-	-	4.00

Commentary on Financial Results

FYE 2022 was undoubtedly a challenging year with the nation focusing on rebuilding growth momentum. As we entered the second year of COVID-19 pandemic, AYS remained focused on keeping customers, businesses and stakeholders connected while continuing to strengthen our operations and financial performance. With the relentless commitment and dedication of our employees, we are proud of our FYE 2022 results, marking a remarkable revenue of over RM1 billion.

FYE 2022 has been an exceptional year for the Group. The Group has delivered its best-ever performance with revenue and profit at record levels. The Group's profit after tax ("PAT") grew to a record RM116.524 million on the back of strong revenue of RM1,116.486 million.

The Group achieved a 48% increase in revenue and 374% increase in PAT in FYE 2022 as compared to the preceding financial year. The stellar performance recorded by the Group was primarily due to rising global steel prices and our efforts in cost control disciplined.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

The comparisons in expenses are summarised as below:

	Description / Commentary	FYE 2021 (RM'000)	FYE 2022 (RM'000)	Change (%)
Selling and Distribution Expenses	Mainly consist of transportation costs and costs associated with sales and marketing. The slight increase was due to higher business activities in FYE 2022.	12,156	12,334	1.46%
Administration Expenses	Including but not limited to staff related costs, trade credit insurance premium, management fee paid for the sales administration and accounting services and etc. The increase was due to low base effect reported for staff related cost in FYE 2021.	35,276	48,257	36.80%
Other Expenses	The decrease was due to lower depreciation charged during the financial year as an owner-occupied building has been transferred to investment properties in the 4Q FYE 2021, the absence of fair value loss on investment properties and deconsolidation loss of a 90% owned subsidiary despite increase in allowance for impairment loss on inventories and loss on disposal of PPE.	12,990	11,951	- 8.00%
Impairment Loss of Financial Assets	Mainly consist of allowance for impairment losses on trade receivables after considering past loss experience and observable data such as current changes and future forecasts in economic conditions.	1,260	3,912	210.48%
Finance Costs	Attributable to the decrease overnight policy rate by 25 basis points to 1.75% from July 2020 onwards.	12,802	10,363	-19.05%
Tax Expense	The effective tax rate was lower than the statutory tax rate mainly due to utilisation of unabsorbed business losses, unutilised capital allowances and unutilised reinvestment allowances. The overall increase in value was due to higher profit reported in FYE 2022.	4,352	28,948	565.17%



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Commentary on Financial Position

	Description / Commentary	FYE 2021 (RM'000)	FYE 2022 (RM'000)	Change (%)
Property, Plant & Equipment ("PPE")	The increase was mainly resulted from an acquisition of a 23.51 acres vacant freehold land in Klang.	82,099	114,135	39.02%
Investment Properties	Resulted from addition in capital work in progress for warehouse construction and fair value gain on Investment Properties held in FYE 2022.	43,878	46,786	6.63%
Inventories	The drastic increase in inventories was mainly due to substantial increase in global steel prices. Inventories turnover increase to 219 days as at end of the FYE 2022 as compared to 154 days as at end of the FYE 2021 was attributable to meet the demand and secured orders on hand in the following quarters.	278,048	534,786	92.34%
Trade Receivables	Higher trade receivables was reflecting higher revenue but lower trade receivables turnover of 109 days compared to that of 116 days as at end of FYE 2021.	238,639	334,674	40.24%
Cash and Cash Equivalents	The total cash and cash equivalents of the Group remained positive and healthy.	31,483	44,564	41.55%
Bank Borrowings	The increase in borrowings was mainly attributable to the higher inventory holding and part finance of the acquisition of 23.51 acres of vacant land in Klang.	293,218	441,191	50.47%
Trade Payables	The trade payables turnover increased to 73 days as compared to 52 days as at the end of FYE 2021 mainly due to higher trade credit purchase of steel products.	93,983	177,964	89.36%
Total Equity	Increase mainly attributable to profits made in the FYE 2022.	278,622	411,267	47.61%

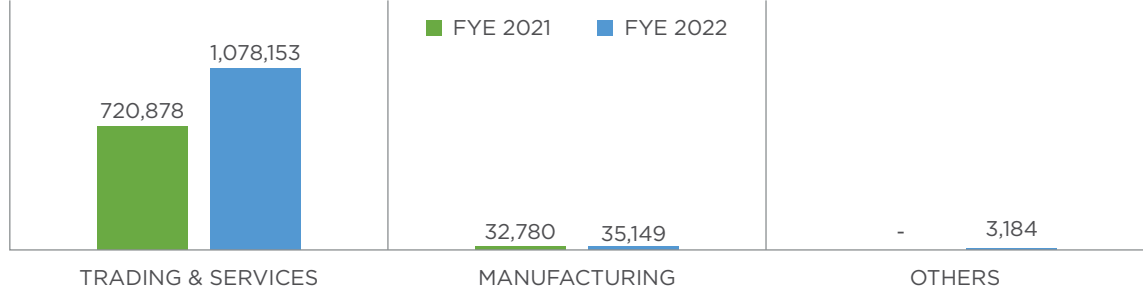
Financial Ratio

	FYE 2021	FYE 2022
Current Ratio	1.46	1.48
Quick Ratio	0.75	0.62
Gross Gearing Ratio	1.06	1.12
Net Gearing Ratio	0.94	1.00

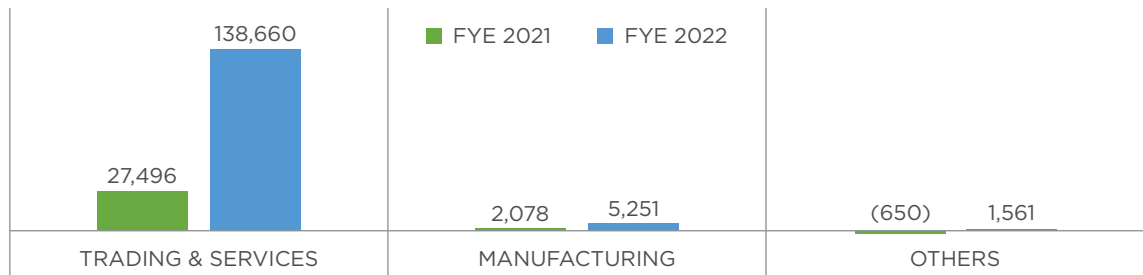
MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

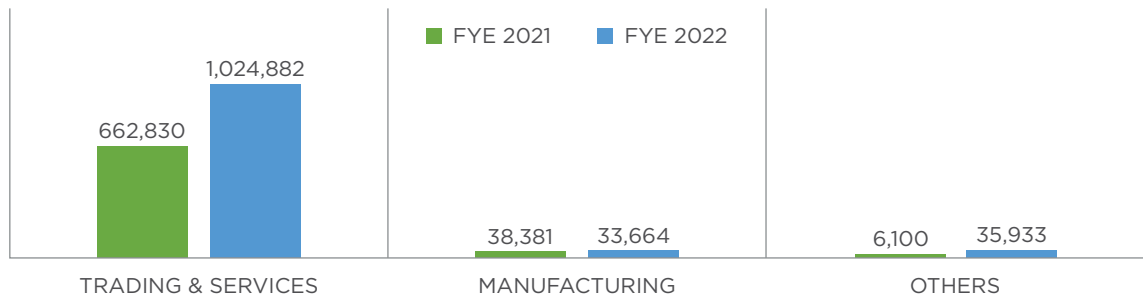
REVENUE (RM'000)



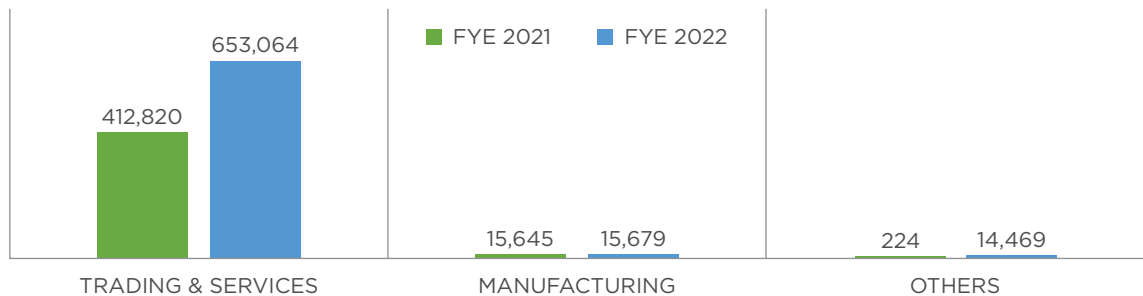
PROFIT/(LOSS) BEFORE TAX (RM'000)



ASSETS (RM'000)

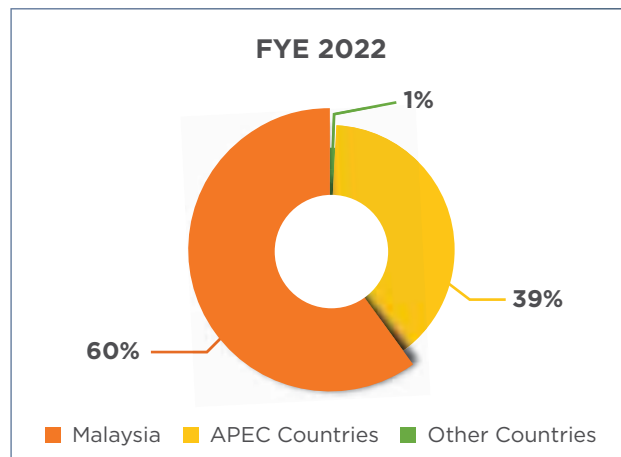
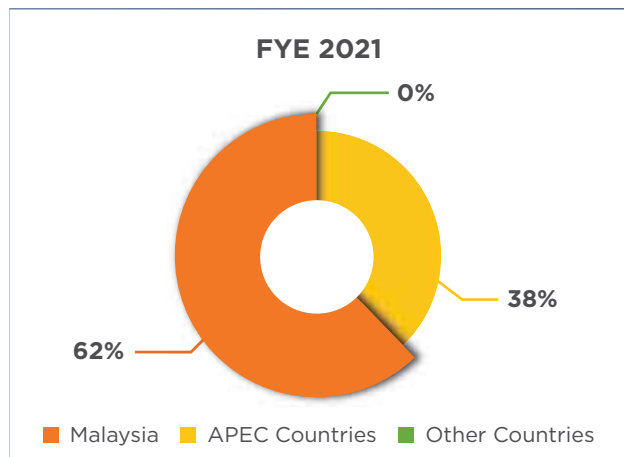


LIABILITIES (RM'000)



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D



Geographical Analysis

Group Revenue, External Sales (RM'000)

	FYE 2021	FYE 2022
Malaysia	466,070	666,060
APEC Countries	284,403	439,082
Other Countries	3,185	11,344

Dividend

The Board has declared and paid the following dividends since the end of previous financial year were:

- (i) A first single tier interim dividend of 1.5 sen per ordinary share on 25 October 2021; and
- (ii) A second single tier interim dividend of 1.5 sen per ordinary share on 18 February 2022.

In line with AYS's continued focus on shareholders' returns, the Board recommended a final single tier dividend of 1.0 sen per ordinary share for the FYE 2022 subject to the shareholders' approval at the forthcoming Annual General Meeting. Therefore, if the final dividend is approved during the forthcoming Annual General Meeting, the total dividends for current financial year amounts to 4.0 sen per ordinary share.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

2021

FINANCIAL CALENDAR

31 MAY 2021

- Announcement of quarterly report on consolidated results for the financial period ended 31/03/2021.

29 JULY 2021

- Announcement on Notice of 10th Annual General Meeting and issuance of Annual Report 2021 & CG Report.

30 JULY 2021

- Proposed disposal of property by Ann Yak Siong Hardware Sdn Bhd to OCH Land Sdn Bhd, a related party.

25 AUGUST 2021

- Announcement of quarterly report on consolidated results for the financial period ended 30/06/2021.

1 SEPTEMBER 2021

- Tenth Annual General Meeting.

15 OCTOBER 2021

- AYS Ventures Berhad proposed to undertake a Private Placement of up to 10.0% of total number of issued shares of AYS pursuant to Sections 75 and 76 of the Companies Act 2016.

25 OCTOBER 2021

- Paid First Single Tier Interim Dividend of 1.5 sen per ordinary share.

3 NOVEMBER 2021

- 38,041,000 Placement Shares were issued pursuant to the Private Placement and were listed and quoted on the Main Market of Bursa Securities, marking the completion of the Private Placement.

23 NOVEMBER 2021

- Announcement of quarterly report on consolidated results for the financial period ended 30/09/2021.

15 DECEMBER 2021

- AYS Wire Products Sdn Bhd ("AYSW"), a 90% owned subsidiary of Ann Yak Siong Hardware Sdn Bhd, which was placed under Members' Voluntary Liquidation on 13 March 2020, will be dissolved after the expiration of three months from 13 December 2021.

2022

18 FEBRUARY 2022

- Paid Second Single Tier Interim Dividend of 1.5 sen per ordinary share.

22 FEBRUARY 2022

- Announcement of quarterly report on consolidated results for the financial period ended 31/12/2021.

24 MAY 2022

- Announcement of quarterly report on consolidated results for the financial period ended 31/03/2022.

20 JUNE 2022

- Announcement on Notice of 11th Annual General Meeting and Issuance of Annual Report 2022 & CG Report.

19 JULY 2022

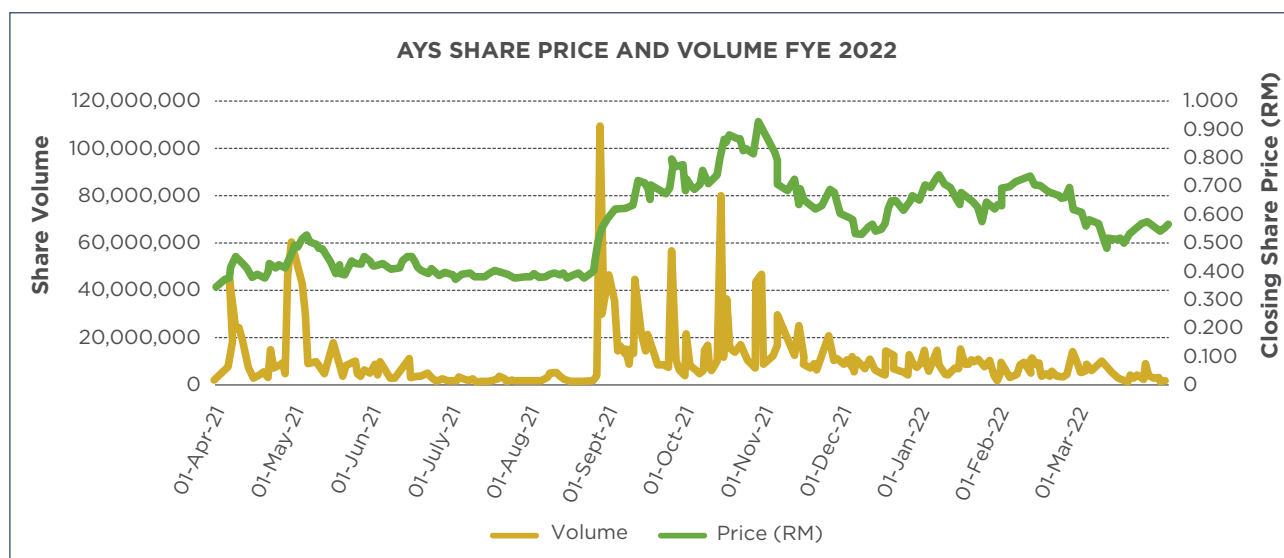
- Eleventh Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

SHARE PERFORMANCE

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Number of ordinary shares (million)	380.418	380.418	380.418	380.418	418.459
Market capitalisation (RM'million)	144.559	125.538	51.356	133.146	230.152
Trading volume (million)	577.773	43.116	27.503	799.181	2,264.483
Closing Price (RM)	0.380	0.330	0.135	0.350	0.550
Highest Closing Price (RM)	0.655	0.435	0.350	0.495	0.930
Lowest Closing Price (RM)	0.375	0.320	0.115	0.145	0.340
Dividend per Share (RM)	0.025	0.010	-	-	0.040
Basic Earnings/(Loss) per Share (RM)	0.062	0.041	(0.028)	0.050	0.256



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

BUSINESS REVIEW

TRADING & SERVICES DIVISION

About the division

Trading & Services is the Group's core business and largest revenue contributor. AYS is proud to be reckoned as one of the major suppliers for structural steel. The division has combined warehouse area of 20 acres and storage capacity of 128,000 metric tons of material in Malaysia and Singapore to serve customers across APEC region.

Performance



Outlook & Prospect

As reported by World Steel Association, the growth in the demand for steel was projected to edge up 0.4 percent in 2022 to 1.84 billion metric tons and grow a further 2.2 percent in 2023 to 1.88 billion metric tons. In the Twelfth Malaysia Plan, 2021-2025, a number of major public sector projects for infrastructure will be undertaken include the Central Spine Road, the East Coast Highway (LPT) 3, Pan Borneo Highway, West Coast Expressway, Klang Valley Double Track, Gemas-Johor Bahru Electrified Double Track and East Coast Rail Link (ECRL). Furthermore, private sector demands are also seeing firmer signs of recovery. The construction of these projects and infrastructural developments, are anticipated to remain primary factors driving the demand for structural steel.

In Singapore, construction and civil engineering demand are projected to be between S\$27 billion and S\$32 billion in 2022. This is supported by strong pipeline of housing projects, healthcare developments and infrastructure work such as the Cross Island MRT Line, Jurong Region MRT Line, Tuas Water Reclamation Plant and new Build-To-Order (BTO) units. On the other side, the private sector construction demand is expected to be comparable with the volume in 2021, given the latest property cooling measures. However, commercial building demand is expected to increase, as hotels and attractions undergo refurbishment to prepare for inbound tourism travel. In addition, the industrial building demand is expected to see some support from the construction of energy storage facilities and biopharmaceutical manufacturing plants.

The on-going Russia-Ukraine crisis and China's zero-COVID strategy's lockdowns and cut on steel production policy will have huge impact on global steel demand. The energy and commodity prices are expected to remain high in the medium term. Nonetheless, we expect demand for steel grades which AYS is supplying continue being robust driven by sustained strength of regional demand and still-buoyant exports.

The Trading & Services division will continue to focus on the Group's Warehouse Rationalisation Programme and to embrace digitalisation as a means to maximise productivity and access new markets.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

MANUFACTURING DIVISION

About the division

The Group's 100%-equity owned subsidiary, CH Yodoform Sdn. Bhd. involves 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 with strong competitive advantage to supply to various projects and industries.

Performance



Outlook & Prospect

Malaysia's Ministry of International Trade and Industry has imposed anti-dumping duties on certain flat-rolled steel imports, this has resulted in increase of steel prices in domestic scene. With the recovery in construction activities both in Malaysia and Singapore, the Group is optimistic on its performance for the upcoming financial year. However, key raw materials and fuel prices remain highly volatile as global demand rises while supply continues to be disrupted by rising and prolonged geopolitical tensions.

The Manufacturing division continues to adopt its 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.

With numerous successful completed projects in the FYE 2022, the division will continue to develop in this business strategy and to focus on further improvement in the productivity as well as to improve services for our customers. The Group will mobilise its strengths and create synergies to ensure that the division sustains its market share by penetrating new segments or regions and explores suitable technology and digitalisation initiatives to increase operational efficiency.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

OTHERS DIVISION

About the division

The Others division consists of property management, 3D Building Information Modelling (BIM), investment holding and dormant companies.

The property management is managed by a wholly-owned subsidiary - AYS (FZ) Sdn Bhd ("AYSFZ") which currently operates a 160,000 square feet warehousing space in the Port Klang Free Zone ("PKFZ"). At present, the warehouse in PKFZ is being leased out to a third-party warehouse and logistics service provider.

On the other hand, our associated company, AOK Engineering Services Sdn. Bhd ("AOK") provides 3D BIM services in supporting the construction and steel fabrication industries as well as major clients in Japan for their projects. AOK was incorporated in 2015 under a joint venture with Kondo Steel Corporation (Japan), Okaya & Co. Ltd. (Japan) and Okaya International (Malaysia) Sdn. Bhd. Currently, AOK operates a dedicated office in Damansara, Selangor, Malaysia.

Performance



Outlook & Prospect

AOK continuously acts as one of the primary suppliers to provide engineering services to create synergies amongst the Group. Among the notable synergies created was AOK develops 3D model and provides numerical data that can be directly link to our subsidiary company, CH Yodoform Sdn Bhd's ("CHY") steel processing equipment to enable automatic positioning of the drills and saws to produce precision structural components easily and efficiently, and ready to be erected into building or manufacturing plants. CHY has successfully worked on several projects in the financial year and proven that we can be a strong partner to steelwork contractors and act as a one stop centre for fabrication solution.

BIM is a useful tool in our digitalisation programme and AYS Group will certainly focus on our endeavour to further develop the AOK content to help our digitalisation success.

Besides that, AYSFZ has a leased land situated in PKFZ where its location is unique to provide facilities for international cargo distribution and consolidation centre. We are expanding our warehousing space in the PKFZ to serve our tenant better with extra 109,000 square feet and in the same time increasing our recurring rental income.

We are grateful that we have recorded a profit before tax of RM1.561 million in this division in FYE 2022.



Construction progress of our warehousing space expansion in PKFZ. Expected to be completed in June 2022

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

APPRECIATION

With the supports of our various groups of stakeholders, we are able to continue pursuing our strategic goals and missions, and have performed well in this financial year. Although some uncertainties remain about the development of the endemic phase, we remain confident that we have the right strategy in place for continued success over the longer term. On behalf of the Group, I would like to extend my sincere gratitude to all our employees, who have dedicated their time and efforts through another tough year. To our valued shareholders, customers, suppliers, bankers, business partners and regulatory authorities, we deeply appreciate for their unwavering trust, faith and supports to AYS. I am also grateful to the Board of Directors for the insight and valuable guidance given in assisting the Management team.



SUSTAINABILITY STATEMENT

About This Report

We are pleased to present the fifth sustainability statement of AYS Group where it has been a pillar of the Group's culture that we strive to achieve continuous growth and creating long-term values with stakeholders without compromising the needs of the future generations. We acknowledge that our long-term growth and continual values that benefit all stakeholders are associated with our responsibility to the three aspects of sustainable development i.e. Economic, Environmental and Social ("EES"). Despite the challenges brought on by the COVID-19 pandemic, AYS remains committed to embed sustainability principles - EES, in all aspects of our business operations, whenever possible.

This statement should be read in conjunction with other statements in this Annual Report (i.e. Management Discussion & Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control).

Reporting Scope and Boundary

The sustainability statement includes performance based on 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")

The disclosures are based on the Group performance for the reporting period from 1 April 2021 to 31 March 2022, unless stated otherwise.

The boundary of the statement is beyond financial reporting and includes non-financial performance, risks, opportunities and outcomes attributable to or associated with our key stakeholders.



SUSTAINABILITY STATEMENT

CONT'D

Reporting Framework and Guidelines

AYS Group's Sustainability Statement has been prepared in line with the following reporting guidelines and frameworks:

We continue to incorporate the Integrated Reporting ("IR") Six Capitals (i.e. Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural) as prescribed by the International Integrated Reporting Council framework of Integrated Reporting in this statement as adopted in prior year.



OUR COMMITMENT TO SUSTAINABILITY

Elements of sustainability have always been part of AYS's DNA. This have been 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.



CONT'D

In FY2020, we set seven targets to monitor our sustainability performance, we achieved three out of the seven in FY2021. We achieved the other two targets that were still in-progress during FY2021 in FY2022. In the meantime, we set another one target in FY2022.

Target FY2021		Performance in FY2022
	Upgrade and implement certification for ISO 45001:2018	Achieved: Certificate obtained on 18 May 2022.
	Construction of new covered warehouses with warehousing facilities	In-progress: The sales and purchase agreement has been completed with issuance of land title with the endorsement of the category of land use “Industrial” and ownership transfer has been done on 16 March 2022.
	To integrate sustainability strategy and framework into overseas subsidiary's business operation	In-progress: The Group is still in the stage of integrating the sustainability strategy and framework into our overseas subsidiary's business operation.
	Establish a CSR Task Force to develop a community development strategy	Achieved: AYS Fans Club was formed on 3 January 2022 as CSR Task Force to conduct social programmes.
Target FY2022		Performance in 2022
	Embark on renewable energy project for sustainable environment	In-progress: The Group has committed for 125kWp Solar PA system aiming to increase the usage of renewable energy.

In 2015, the United Nations (UN) outlined 17 SDGs, setting an agenda for countries across the world to work together to create a sustainable future for all by 2030.

The UNSDGs are comprehensive, covering all areas of social inequality - including gender discrimination, health and education - and calls for action to spur economic growth as well as protect the environment through climate change mitigation and the preservation of our forests and oceans.

Collectively, the UNSDGs stand as a clear blueprint to shape sustainability programmes and platforms.

At AYS Group, we support all the 17 goals and have prioritised five in which we have the potential to make a significant difference.



SUSTAINABILITY STATEMENT

CONT'D

We have identified five SDGs that the Group commits to support directly and/or indirectly that are SDG 3 – Good Health and Well-Being, SDG 8 – Decent Work and Economic Growth, SDG 10 – Reduced Inequalities, SDG 12 – Responsible Consumption and Production and SDG 16 – Peace, Justice and Strong Institutions. Please refer figure 1 for details.

Figure 1: United Nations Sustainable Development Goals



Goals: Ensure healthy lives and promote well-being for all at all ages



AYS's initiative

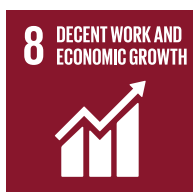
- The Group has established strict SOPs in dealing with the COVID-19 outbreak to minimise / eliminate its impact on our customers and employees.
- We promote healthy lifestyles by organising programmes that focus on employee well-being and raising awareness on individual safety and health.
- We manage 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.

6 Capitals

Human

Social & Relationship

Goals: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



AYS's initiative

- Zero fatalities recorded across the Group.
- The Group supported local businesses during the lockdown, and created 21 jobs.
- The Group provided employment for a total of 204 people in FY2022.
- We provide competitive salaries and ensure fair treatment to our employees in addition to training opportunities for growth and career development.
- Uphold labour rights, and promote a safe and secure work environment.

6 Capitals

Human

Social & Relationship

Financial

SUSTAINABILITY STATEMENT

CONT'D

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

Goals: Create fair opportunities and provide equal treatment to all employees regardless of ethnicity, gender or religion

10 REDUCED
INEQUALITIES



AYS's initiative

- AYS is against discriminatory practices at the workplace. We ensure equal opportunity and reduce inequalities of outcome to all employees regardless of ethnicity, gender, age or religion.

6 Capitals

Human

Social & Relationship

Goals: Ensure sustainable consumption and maintain product quality

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



AYS's initiative

- 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 implement a proper waste management system that will help to improve our environmental footprint. We categorise waste into domestic waste and scheduled waste. We educate our workers and employees to carry out periodical site inspections to ensure disposal of hazardous waste in a proper manner, and ensure compliance with the Environmental Quality Act 1974. Our domestic waste is collected and disposed of by an appointed contractor while the collection and disposal of scheduled waste is by Department of Environment (DOE)-licensed appointed contractors.

6 Capitals

Human

Social & Relationship

Manufactured

Goals: Maintain product quality certification and compliance to national and international regulations

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



AYS's initiative

- We have established an Anti-Bribery and Corruption Policy, Whistleblowing Policy and Code of Business Conduct.
- We maintained our track record of zero cases of bribery and corruption in the way we conduct our business.
- We maintain product quality certification to continuously meet and exceed customer expectations.
- We embed a culture of good governance and ethics within the organisation, and remain compliant to all relevant regulatory requirements.

6 Capitals

Social & Relationship

Manufactured

SUSTAINABILITY STATEMENT

CONT'D

SUSTAINABILITY GOVERNANCE

Robust governance ensures successful incorporation of sustainability measures across our operations. Sustainability at AYS Group is led by our Board of Directors ("BOD"), which oversees the Group's sustainability practices and performance, and validates all sustainability related decisions.

To further strengthen our sustainability practices, the BOD is supported by the Sustainability Steering Committee ("SSC") comprising representatives from all levels of the Group in managing the sustainability related matters. The Sustainability Working Committee ("SWC") makes 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.

SUSTAINABILITY GOVERNANCE STRUCTURE



CREATING VALUE

The cornerstone of our strategy is a focus on long-term value creation through operational, financial, social, environmental and reputational resilience.

FINANCIAL CAPITAL

Economic sustainability continues to be one of AYS's most prioritised matters as we strive to create long-term value for our business and our stakeholders. We are committed to generate sustainable financial and economic returns without compromising on the value to our stakeholders in order to ensure the sustainability of our business. Please refer to the Management Discussion and Analysis section of this Annual Report for more details regarding the Group's financial performance.

Revenue
RM1,116.486
Million

**Profit Before
Interest and Tax**
RM155.739 Million

Profit After Tax
RM116.524
Million

Total Assets
RM1,094.479
Million

**Shareholders'
Funds**
RM395.011 Million

SUSTAINABILITY STATEMENT

CONT'D

HUMAN CAPITAL

CORPORATE GOVERNANCE

AYS is always committed to promote values of integrity, transparency, accountability and good corporate governance. Sustainable business practices require strong and effective 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 2021. The detailed disclosure is presented on our Corporate Governance Overview Statement on page 63 to 74 of this Annual Report.

Ethics and Integrity

Establishing a culture of integrity and ethical in the workplace is essential in preservation of the Group's reputation and thereby increase the confidence of stakeholders. The Board continues to uphold good business conduct by ensuring there are adequate policies and procedures in place. Directors, employees and business partners of the Group are required to observe and maintain high standards of integrity and ethical behaviour in the performance of their responsibilities or conducting business. We have also made available our Code of Business Conduct to stakeholders through our corporate website.

Anti-Bribery and Corruption Policy and Whistleblowing Policy



AYS has established an Anti-Bribery and Corruption ("ABC") Policy to set out the policy and general principles, guidelines and processes to minimise and eliminate the Group's exposure to the risk of unlawful conduct relating to bribery and corruption. The ABC Policy applies to all Directors, employees and business associates to act ethically, with integrity and honestly, transparently and in a trustworthy manner, in all the dealings with other persons on behalf of or with the Group. Our ABC Policy cover gifts, hospitality and entertainment, donations and sponsorships, facilitation payments and more.

AYS adopts a zero-tolerance approach towards all forms of bribery and corruption. Refusal to engage in activities inconsistent with our fiduciary duties, or the reporting in good faith or soundly suspected violations, will not be reprimanded even if such actions may result in losing a piece of business or commercial advantage for the Group.

Hence, we have in place Group Whistleblowing Policy with mechanisms to enable all employees and members of public to disclose any suspected misconduct or illegal acts and provides assurance of protection in accordance with this Policy via the dedicated whistleblowing reporting channels.

All alleged wrongdoing will be investigated and such breaches may lead to disciplinary measures, including dismissal. For the year under reporting, the Group has received zero whistleblowing report via the whistleblowing reporting channels.

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.

The policy can be viewed at <https://ays-group.com/governance.php>

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

AYS believes that a lack of good safety and health practices may lead to incident that would affect the health and safety of our employees, operational efficiency and reputation and in the long run, impact our profitability. Health and safety is the foundation of a sustainable business thus our first priority is to keep our people safe.

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.

The Group's commitment to operate responsibly in a safe and healthy workplace for employees is reflected in the establishment of Safety, Health and Environmental Committee ("SHEC"), which comprised the management as well as the workers are varying ratios across each of our subsidiaries.

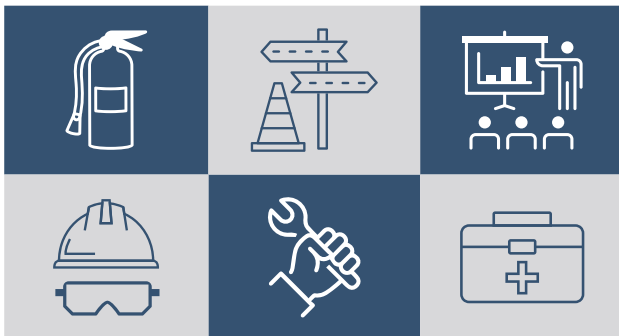
SUSTAINABILITY STATEMENT

CONT'D

We have also formed an Emergency Response Team (“ERT”) 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.

It is the policy of AYS to give the highest priority to have zero workplace fatalities and to drive down overall lost-time injuries. AYS Group communicates with all employees through safety meetings, trainings, and awareness sessions to ensure employees are informed and kept up to date of the latest OSH matters and best practices.

Examples of health and safety initiatives that were conducted in FY2022 are:-



- Safety signage: We place all required signage in designated areas.
- Fire drill: We conduct a fire drill once every two years 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, Automated External Defibrillator (AED) and Cardiopulmonary Resuscitation (CPR) training.
- Provision of ERT and chemical spillage training.
- Regular maintenance of fire-fighting equipment.

Due to our efforts to foster a safe work environment, we recorded zero major injury and a total of 408 hours of loss time injury (“LTI”). Our Lost Time Injury Frequency Rate (“LTIFR”) for this year recorded at 719.25. Investigations and corrective actions were immediately undertaken following the incidents.

In FY2022, 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 operations.

	FY2022	FY2021	FY2020
LTI	408	104	976
LTIFR	719	181	1,329
ZERO fatality case			



SUSTAINABILITY STATEMENT

CONT'D

Procedure to Operate Amid COVID-19 Outbreak

The threat of COVID-19 still lingers and affect our daily lives and operation, especially with the arise of different COVID-19 variants that come with higher infectivity and mortality rates. It is our responsibility to ensure the safety of our employees, customers, suppliers and the communities in which we operate.

Therefore, since the beginning of the pandemic outbreak, we have implemented various preventive measures and Standard Operating Procedures based on the guidelines and instructions of the Ministry of Health, Ministry of International Trade and Industry which are the following:



TALENT MANAGEMENT



One of AYS's most important resources is the collective skills, capabilities, and experiences of its workforce. High calibre, professional talent is essential in driving higher productivity and ensuring operational excellence across the Group.

In many ways, the Group's ability to sustain financial and non-financial values is dependent on the recruitment, retention, and development of a competent, capable and experienced workforce. Hence, the Board and Senior Management seek to bring on board the best talents and to retain them by offering an attractive work environment, one that values the opinions of everyone and that positively divergent perspectives.

SUSTAINABILITY STATEMENT

CONT'D

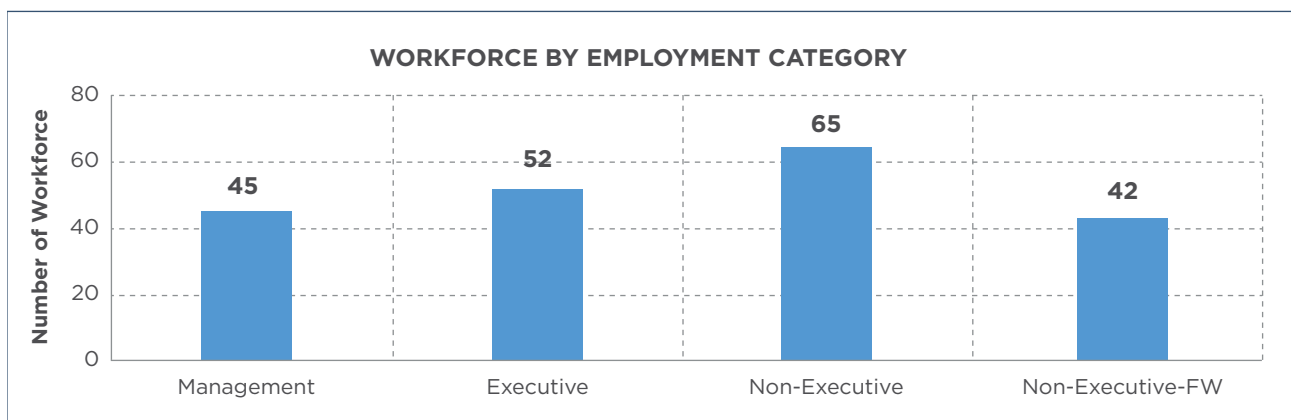
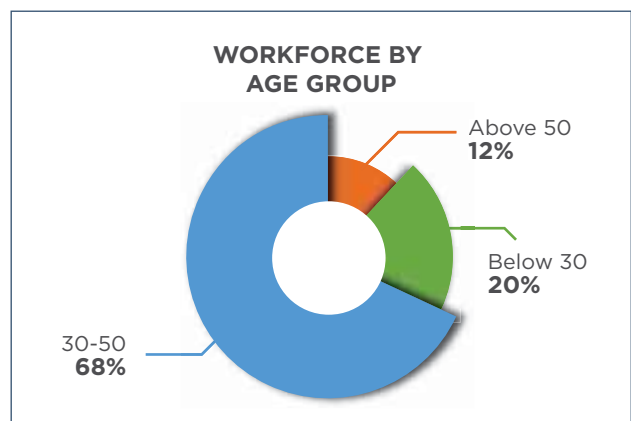
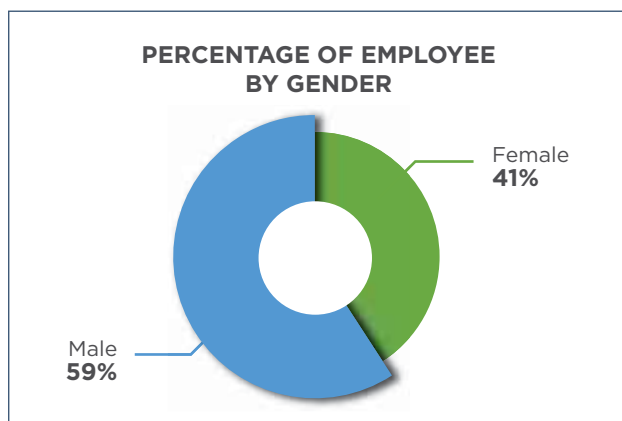
Employee Distribution

At AYS, we promote diversity and inclusion and will not tolerate any form of discrimination. We believe that diversity in professional background and experiences as well as gender, ethnicity and culture promote a richness of ideas and perspectives which supports innovative thinking and creativity.

As of end FY2022, AYS employed a total of 204 staffs, comprising 59% men and 41% women. The gender distribution is skewed by male dominance in operational functions which involves heavy manual task. Nevertheless, we do not restrict our female employees from undertaking any professional positions and tasks, provided that they are fully qualified for the job.

Embracing an equal opportunity culture, we stand strongly against any form of gender, racial or age discrimination. Therefore, in hiring, we look at candidate's qualification, knowledge, skills, training and experience rather than gender, age or cultural background.

The Group's total employee distribution by gender, age and employment category for FY2022 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 (68%). This group is made up of experienced and skilled employees and we are committed to further build their knowledge and skills in the future.

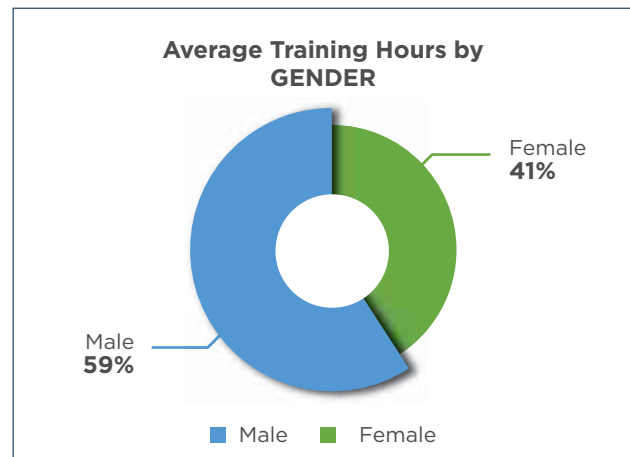
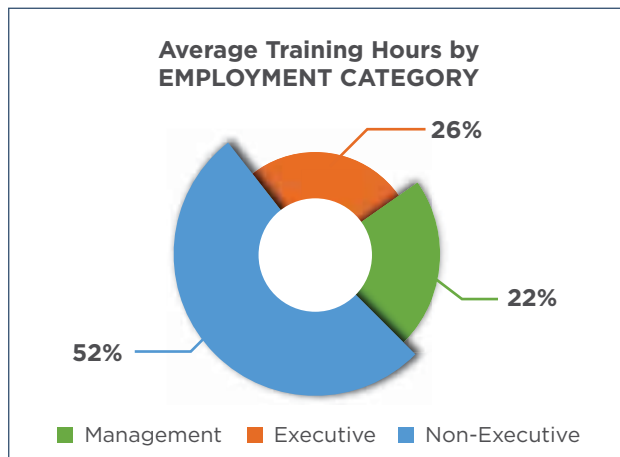


SUSTAINABILITY STATEMENT

CONT'D

Training and Development

The continued upskilling of employees through training and development is a fundamental aspect of the Group's approach to talent management. 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 preparing for current and future industry climate.



Due to enforcement of movement restrictions to control the spread of the contagion, we capitalised on online learning platforms to carry out training.

Remuneration and Employee Benefits

We ensure our most valuable assets - employees are compensated fairly and competitively by benchmarking periodically against market salary levels and employment benefits to show our recognition and appreciation towards their contributions to the Group.

To foster a culture of engagement, we continually invest in building our engagement capabilities and monitor the progress we are making, to identify any development areas. By creating a respectful and trusting relationship among employees, the turnover rate could be maintained at a relatively low level.

Turnover Rate	FY2022	FY2021	FY2020
	3.92%	2.67%	1.15%

Employee benefits are given to our full-time employees aimed at supporting the workforce to feel secure, stable and cared for through fair leave allocation and insurance coverage, among others. A list of employee benefits is given below.



Leave Entitlement:

- Annual
- Medical
- Hospitalisation
- Marriage
- Maternity & Paternity
- Bereavement, calamity
- Examination and study
- Prolonged illness
- Vaccination leave



Incentives:

- Monthly Full Attendance Allowance
- Shift and Meal Allowance
- Annual Bonus

SUSTAINABILITY STATEMENT

CONT'D



Insurance:

- Medical
- Group Personal Accident
- Hospital & Surgical



Others:

- Company Mobile Phone and Handphone subsidy
- Travel Allowance
- Company Vehicles for Directors
- Membership Subscriptions to Professional Associations
- Monthly Sports & Recreational Activities
- Festival Gifts
- AYS Fans Club

Performance Management and Employee Engagement

We recognise that engaged employees are more invested in a company, feel a greater sense of belonging and are more inspired to perform their best.

AYS seeks to cultivate team work and strong employer-employee relationship by engaging with the following activities:



Festival Celebrations



Birthday Celebrations



Sport Activities

Besides, 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.

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.

MANUFACTURED CAPITAL

Trading & Services

AYS is one of the leading steel and construction materials distributors in the region with approximately 20 acres of warehousing land and a capacity of 128,000 metric tonnes of storage capacity. With its spacious and well-equipped warehouses, AYS trades in large variety of flat and long steel products of various grades and dimensions.

SUSTAINABILITY STATEMENT

CONT'D

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 an 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 8,400 metric tonnes of annual capacity, provide technical advices and services to meet production orders 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, organisational processes, and the sum of knowledge contained within the Group.



AYS has strong presence in the regional markets, with more than 39 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 organisational structure also create values and contribute to an improved competitive position for the Group.

NATURAL CAPITAL

AYS embeds sustainability practices to protect the environment and further translate to cost effective measure to improve the efficiency of our operations and processes. 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

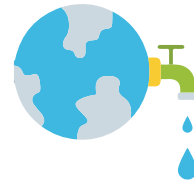
Energy and Water

Electricity is the main source of energy consumed at our workplace and it is important due to the energy-intensive nature of steel manufacturing processes. Although natural capital is not a material input in our workplace, the Group is aware that despite this, we have a role to play in addressing the 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 Conservation Initiative:

- Replace conventional lightbulbs with LED bulbs to reduce long term cost of electricity
- Switch off computers and electrical appliances when not in use
- Switch off lights and air-conditioning system during lunch time
- Switch off air-conditioning system in the meeting rooms when the rooms are not occupied
- Install factory roof with a design that facilitates natural lighting to minimise the use of light features
- Install LED street light surrounding the warehouses/factory



Water Conservation Initiative:

- Place signages 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
- Detect and repair immediately any water leakages

Electricity Consumption (kWh)			
Location	FY2022	FY2021	FY2020
Lot 6488	304,967	386,076	446,230
Bukit Raja	48,882	76,894	73,855
Lot 3846	220,610	425,860	531,304
Lot 3845	39,700	56,440	96,751
PKFZ	N/A *	64,343	97,616
Total	614,159	1,009,613	1,245,756

The overall energy reduction was mainly attributed to our employees working from home during the MCO period.

Various energy conservation initiatives that were undertaken during the year may also be contributed to the reduction in energy consumption.

Water Consumption (M3)			
Location	FY2022	FY2021	FY2020
Lot 6488	29,584	19,776	14,524
Bukit Raja	1,301	817	2,075
Lot 3846	7,564	7,103	8,609
Lot 3845	3,255	3,688	4,572
PKFZ	N/A *	825	1,379
Total	41,704	32,209	31,159

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

* PKFZ - Warehouse has been rented to a non-related party during the financial year.

SUSTAINABILITY STATEMENT

CONT'D

Environmental Monitoring

Protecting the environment is on our list of priorities. To ensure we continue to operate within permissible regulatory limits, we continue to carry out environmental monitoring assessment periodically by independent qualified consultants. The findings are submitted to the government agencies to provide independent verification of our environmental results.



Waste Management

Our policy is to reduce as far as possible all waste generated by our operations, and to maximise our recycling rate. 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 the 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.

	Scheduled Waste (KG)		
	FY 2022	FY 2021	FY 2020
SW 409	927	2,183	1,198
SW 410	32	10	158
SW 417	2,248	1,338	1,114
SW 306	910	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

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL AND RELATIONSHIP CAPITAL

Customer Engagement

Our customers are our top priority. We recognise that happy customers are repeat customers who also serve as the best ambassador. Measuring customer's satisfaction enables us to better meet their needs, build their loyalty and boost our brand reputation. Over the years, our customer engagement methods have become stronger and more efficient.

Our customer engagement methods inclusive of the following:



Customer Satisfaction Survey

We conduct customer satisfaction survey once a year which forms a key engagement channel with this important stakeholder group to ensure our products and services achieved above-average scores that meet the needs and specifications of customers.



Events and Activities

The Group attend trade fairs and exhibition to communicate with customers. However, due to COVID-19 pandemic, marketing events, conferences and face-to-face meetings have been largely restricted or cancelled.



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

Good after sales service helps improve long term brand image and loyalty. Our teams are always ready and have efficient support services to provide and share technical knowledge on the products when required.

Compliance

At AYS, we promote a culture of compliance by ensuring strict adherence to laws and regulations to maintain our license to operate. In meeting the legalities outlined by national laws, the Group complies with the following general regulatory requirements related to the trading and manufacturing industry listed in the table below. Legislations we adhere to include but are not limited to:

Economic	<ul style="list-style-type: none"> ✓ Employment Act 1955 ✓ Companies Act 2016 Minimum Wage Order 2016
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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 FY2022, we recorded zero non-compliance with environmental laws and regulations.

SUSTAINABILITY STATEMENT

CONT'D

Quality Management

High quality products and services are an integrated part of AYS's management system.

We uphold 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.

As part of our ongoing initiatives to achieve our customers' continued trust and confidence in the quality of our products and services and customer satisfaction in all elements of our business, 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.

Our entities are ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified.

Supply Chain Management

Building an effective sustainable supply chain management helps to increase the efficiency of productivity, at a significant cost savings and minimises the Group's operational and financial risk, while always remaining in compliance with our Code of Ethical Conduct.

AYS relies on hundreds of suppliers to ensure smooth business activities across its operation. Thus, we have incorporated sustainability policies and create a cascade of sustainable practices into our procurement strategy to build a robust, reliable and sustainable supply chain. We promote fair business practices and compete in an ethical manner as well as ensure all suppliers and vendors are given fair and equal opportunities to conduct business with us.

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.

As a customer-centric organisation, the Group strives to constantly explore the global procurement opportunity as well as making purchases from local suppliers in response to the requirements and needs from our customers 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 wherever possible as an effort to create domestic employment, support local businesses and reduce the carbon footprint from overseas shipment.

The quality and cost of the products that we procure play an important part in our business's sustainability and profitability. While trying to achieve profitability, we also promote sustainability of the local businesses by using local procurement sources whenever possible. AYSFZ and AYSM sources majority of the products from local suppliers. As for AYSH and CHY, we mainly source our supplies from international suppliers, mainly due to product availability that the local suppliers are unable to supply and cost efficiency.

	FY 2022		FY 2021		FY 2020	
	L	NL	L	NL	L	NL
	%	%	%	%	%	%
AYSFZ	100	-	100	-	100	-
AYSM	100	-	100	-	100	-
CHY	44	56	55	45	34	66
AYSH	4	96	12	88	12	88

*L= Local Suppliers, NL = Non-Local Suppliers

Community Development

Engaging with the local communities in which we operate enables us to meet their needs and create long-term positive impacts. We strive to build sustainable communities through CSR activities, allowing us to give back to society.

Our CSR programmes also serve as an avenue for employee volunteerism and strengthening the relationships and morale among our employees in the workplace.

SUSTAINABILITY STATEMENT

CONT'D

During the financial year under review, most of our planned programmes were put on hold due to COVID-19 pandemic. Nevertheless, we still made various contributions, both monetary and non-monetary during these difficult times.

Our compassion to social responsibility also included local relief efforts by providing pragmatic financial support to the victims inundated by flash floods which hit Klang Valley during end-December 2021. With many of our employees residing in Klang, one of the worst flood-affected areas, we had also organised an emergency relief contribution to the affected employees to rebuild their properties and lives.



We have also conducted a blood donation campaign at our HQ office. The purpose of this campaign is to raise awareness and understand the importance of blood donation among our employees.

We have engaged with Hospital Tengku Ampuan Rahimah Klang for this campaign and managed to donate 32 bags of blood in this event where potentially these 32 bags of blood could help to save up to 96 human lives.

CONCLUSION

Throughout FY2022, we continued to make progress, measure and report on our economic, environmental and social journey. Through our talent development programme, we emphasise our commitment to developing, engaging and empowering our employees. We have demonstrated our commitment to our employees with emphasis on employees' health and safety, employees' satisfaction via surveys, diversity and inclusion. We have also been taking the appropriate measures to reduce the usage of energy and water and reduce the waste generated from our operations. In addition, we continue to invest in product development which contributing to better solutions for our customers and enhance our foundation for organic growth. As we step into FY2023, sustainability remains at the forefront of our business agenda. We will ensure that we maintain high standards of compliance and ethics in all our business practices, while striking a balance between EES factors in charting our business strategies as well as building the Group's resilience against current and future challenges, and contributing to the well-being of the community.



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 2021 (“the Code”) in its effort to observe high standards of transparency, accountability and integrity.

During the financial year ended 31 March 2022 (“financial year 2022”), 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.

The Board takes cognisance that effective board leadership and oversight also requires the integration of sustainability considerations in corporate strategy, governance and decision-making. The Group has embraced the values of corporate responsibility and elements of sustainability management since the early days of its operations and these values are reflected in the Group's vision and mission statements, core values, policy statements and work practices. This is especially so. Since sustainability and its underlying environmental, social as well as governance (ESG) issues become increasingly material to the ability of the Group to create durable and sustainable value and maintain confidence of all its stakeholders. To remain resilient, the Board has taken a much more holistic view of the business coupled with proactive and effective measures to anticipate and address material ESG risks and opportunities.

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.

Whilst the Code recommends the best practice that the Chairman of the Board should not be a member of the Board Committee, the Company has not been able to apply this best practice as the Board is of the view that the objectivity of the Chairman or the Board is not impaired when deliberating on the observations and recommendations put forth by Board Committees as all the Independent Non-Executive Directors deliberate and discusses matters as a team. In addition, the Chairman is not involved in the Company's managerial and operational matters.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. Board Responsibilities *cont'd*

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 2022, 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.

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 2022 adopted the Practice 5.3 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 has adopted a policy on diversity of gender, ethnicity and age in FY2022. In seeking potential candidate for new appointments, the Board shall take into account the various diversity factors including ethnicity, gender and age distribution of the Directors to maintain a balanced Board composition. In this respect, the Board aims to maintain at least two (2) women directors on the Board. The Board shall also review the participation of women in Senior Management to ensure there is a healthy talent pipeline.

During the financial year 2022, women directors form 25% of the Board members. The age of the Directors ranges from 42 to 83 as the Board believes that this creates an environment where each generation brings different skills, experience, and talents to the Board.

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 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 2022, the Board through its Nomination Committee conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The Nomination Committee is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

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

Supply of Information

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

Board Meetings

There were four (4) Board of Directors' Meetings held during the financial year ended 31 March 2022. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:-

DIRECTORS	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Haji Mohd. Sharif Bin Haji Yusof	4/4	100
Seow Nyoke Yoong	4/4	100
Mohamad Fazlin Bin Mohamad	4/4	100
Dato' Wan Hashim Bin Wan Jusoh	4/4	100
Oh Chiew Ho	4/4	100
Oh Yung Sim	4/4	100
Oh Pooi Foon	4/4	100
Toh Tuan Sun	4/4	100

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. Board Responsibilities *cont'd*

Board Meetings *cont'd*

The Chairman ensures that each Director is provided with timely notices of every Board Meeting and board papers for each agenda item. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties. The Board has unrestricted access to timely and accurate information in the furtherance of its duties. Board Committee meetings are conducted separately from the Board meeting to enable objective and independent discussion during the meeting.

Appointment to the Board

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. Board Responsibilities *cont'd*

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 2022.

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

The following Directors have attended external training courses and programmes during the financial year 2022.

Director	Training attended	Date
Haji Mohd. Sharif Bin Haji Yusof	The New Malaysian Code on Corporate Governance	29 May 2021
	Cyber Security Awareness	21 July 2021
	Sustainability Awareness	21 October 2021
Oh Chiew Ho	The New Malaysian Code on Corporate Governance	29 May 2021
	Future Trends in the Market & Enterprises Become Self-Improvement	12 August 2021
Oh Pooi Foon	R&D for Business (RD4B)	12 April 2021
	The New Malaysian Code on Corporate Governance	29 May 2021
	Preserving Family Businesses: Series 5	15 July 2021
Oh Yung Sim	The New Malaysian Code on Corporate Governance	29 May 2021
Toh Tuan Sun	The New Malaysian Code on Corporate Governance	29 May 2021
Seow Nyoke Yoong	Corporate Director Transformational Leadership Program	10 March 2021
	Developing Inclusive Leaders: Tips for Success	16 March 2021
	Environmental Social and Governance (ESG): What Matters to You	26 March 2021
	Data Privacy in Malaysia - Does it really exist	16 April 2021
	The New Malaysian Code on Corporate Governance	29 May 2021
	Corporate Fraud - Looking beyond the Boardroom	11 June 2021
	Manufacturing in ASEAN: Navigating supply chains disruptions through pandemic	9 July 2021
	Value Creation Strategies	16 July 2021
	Business must go on	27 July 2021
	AOB Conversation with AC	6 December 2021
Mohamad Fazlin Bin Mohamad	The New Malaysian Code on Corporate Governance	29 May 2021
	TCFD Climate Disclosure Training Programme	2 March 2022
Dato' Wan Hashim Bin Wan Jusoh	The New Malaysian Code on Corporate Governance	29 May 2021
	Managing Your Transfer Pricing Risks	7 October 2021
	Managing Corporate Liability Risks	29 October 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. Board Responsibilities *cont'd*

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 2022 to review the Non-Executive Directors' fees and allowance, remuneration package, including the annual bonuses and increments of the Executive Directors and Senior Management.

Details of Directors' remuneration for the financial year ended 31 March 2022 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	86.0	-	12.0	-	-	98.0
Seow Nyoke Yoong	87.5	-	12.0	-	-	99.5
Mohamad Fazlin Bin Mohamad	90.0	-	12.0	-	-	102.0
Dato' Wan Hashim Bin Wan Jusoh	80.0	-	9.0	-	-	89.0
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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. Board Responsibilities *cont'd*

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	86.0	-	12.0	-	-	98.0
Seow Nyoke Yoong	87.5	-	12.0	-	-	99.5
Mohamad Fazlin Bin Mohamad	90.0	-	12.0	-	-	102.0
Dato' Wan Hashim Bin Wan Jusoh	80.0	-	9.0	-	-	89.0
Oh Chiew Ho	36.0	3,307.2	-	621.8	28.0	3,993.0
Oh Pooi Foon	36.0	1,026.1	-	195.3	28.0	1,285.4
Oh Yung Sim	36.0	779.1	-	147.1	24.0	986.2
Toh Tuan Sun	36.0	375.0	-	71.8	9.9	492.7

Practice 8.2 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 page 17 to 18 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 8.2 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.

Sustainability

The Board and Management are conscious and serious about the Group's responsibility towards sustainability issues and its role in the Group's long-term strategic plans. The Board and Management are committed towards ensuring that responsible corporate conduct is demonstrated and practised in the Group's daily activities across all aspects of the Group's operations. Details on the Group's sustainability strategies, priorities, targets and performance are shared in the Group's Sustainability Statement in the Annual Report. There is continuous engagement with both the internal and external stakeholders through various platforms on the sustainability strategies, priorities and targets as well as performance against the targets. For internal stakeholder, the sustainability matters are communicated to the employees in learning & development programmes, internal newsletter and corporate events. As for the external stakeholders, the strategies, priorities, targets and progress are reported in the Sustainability Statement.

In FYE 2022, the Directors have attended various professional training programmes, particularly related to sustainability issues pertaining EES contexts in keeping themselves abreast on the arising challenges resulted from the ever-changing business environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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. In FY2022, the Company formalised a policy that requires a former partner of the external audit firm of the Company to observe a cooling off period of at least 3 years before being appointed as a member of the Audit Committee.

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 2023.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Risk Management and Internal Control Framework *cont'd*

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 Tricor Axcelasia 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 2022, 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.

The notice of the Annual General Meeting together with a copy of the Company's Annual Reports to be downloaded/requested are sent out to the shareholders at least 28 days before the meeting. Shareholders are given ample time and opportunity to raise more questions pertaining to the business activities of the Group, without limiting of the type of queries asked. During the meeting, the Group Managing Director, Executive Directors and Chief Financial Officer are prepared to provide responses to queries and to receive feedback from the shareholders during the meeting.

The Chairman highlights 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 is also presented during the AGM.

To ensure effective participation of and engagement with shareholders at the AGM in 2021, all Directors, including members of AC, NC and RC, attended and participated in the AGM.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

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.

The Minutes of the Annual General Meeting of the Company are made available to the shareholders within 30 business days from the conclusion of the AGM at the Company's corporate website at www.ays-group.com.

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 2022, 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; and
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 2022, 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 2021 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 2021 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 2021 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 change of internal audit service provider in view that the previous service provider has served 10 years;
- ❖ Reviewed and discussed the half-yearly Enterprise Risk Management Reports for the period of January to June 2021 and July to December 2021;
- ❖ Reviewed the competency and effectiveness of the Internal Auditors and External Auditors;
- ❖ Recommended the re-appointment of External Auditors and the payment of audit fees;
- ❖ Reviewed the recurrent related party transactions;
- ❖ Reviewed the performance of the Group;
- ❖ Reviewed the IT Security Concept on policies, secure, awareness and various IT policies implemented by the Group; and
- ❖ Reviewed the Terms of Reference of the Audit Committee to incorporate the policy for a cooling-off period for appointment of a former partner of the external audit firm.

Internal Audit Function

The internal audit function is outsourced to an independent advisory firm, Tricor Axcelasia Sdn. Bhd. ("TASB") 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. TASB has no line of responsibility or authority over any operational or administrative function and is independent of the activities it audits.

TASB adopts an international methodology, which is in compliance with the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). The independence of TASB is reviewed on a yearly basis. TASB 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. TASB had confirmed to the Audit Committee of their independence and there is no conflict of interest. The performance and competency of TASB was assessed by the Audit Committee on 24 May 2022.

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 TASB 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 2021. The audits were executed based on a risk-based approach and the audit outcome were communicated to the Audit Committee during the quarterly reporting.

TASB'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 2022, the following auditable areas were covered:

AYS Group (Malaysian Entities only)	<ul style="list-style-type: none">• Information Technology General Controls - Manage Security• Anti-Bribery Management System
CH Yodoform Sdn Bhd	<ul style="list-style-type: none">• Production Management• Quality Assurance / Quality Control

The Audit Committee noted the enhancements recommended by TASB on formalising the plan to conduct vulnerability assessment and penetration test of the network infrastructure and to strengthen the end user device security monitoring and control. The recommendations on enhancement to the due diligence process of employees and business associates as control measures for anti-corruption were also noted and Management's action and timeline to implement the recommendations were found to be reasonable.

The Audit Committee concurred with the findings and recommendation for the tracking and recording of production downtime and Senior Management to monitor this as well as to establish key performance indicators for the production line.

TASB 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.

The professional fees incurred for the internal audit function in respect of the financial year ended 31 March 2022 for the Group amounted to RM60,000.00.

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:

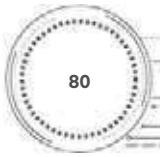
- Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.
- Review annually its required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.
- Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- 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.
- 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.
- 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 2022.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2022, the Nomination Committee, in discharging its functions and duties, carried out the following activities:-

- reviewed the mix of skills, experience and other qualities of the Board;
- assessed the effectiveness of the Board as a whole, the Board committees and the individual Directors;
- reviewed the composition of the Board and Board Committees;
- discussed and recommended the re-election of retiring Directors;
- assessed the independence of the Independent Directors and long-serving Independent Directors;
- reviewed the Nomination Committee report; and
- reviewed the promotion of the Group Financial Controller to position of Chief Financial Officer.



NOMINATION COMMITTEE REPORT

CONT'D

ACTIVITIES OF THE NOMINATION COMMITTEE *cont'd*

The Nomination Committee upon its annual assessment carried out for financial year 2022, 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 2022 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 and Board Committees composition were 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 (“MCCG”) 2021 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 (“the Board”) is committed to maintain a sound system of risk management and internal control in the Group. Set out below is the Board of Directors’ “Statement on Risk Management and Internal Control” which has been prepared in accordance with the paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Guidelines for Directors of Listed Issuers: Statement on Risk Management and Internal Control.

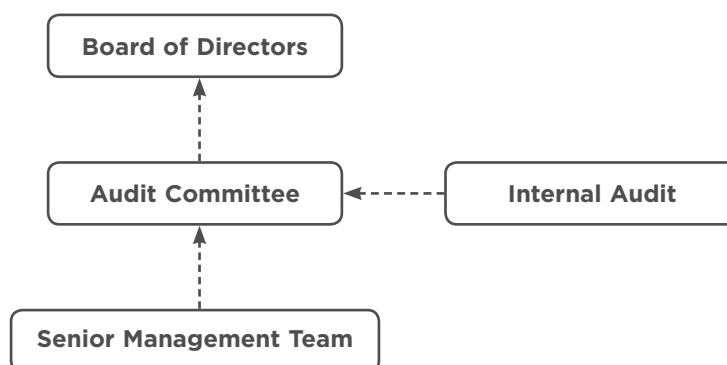
BOARD’S RESPONSIBILITY

The Board acknowledges its overall responsibility 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 Chief Financial Officer 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 REPORTING STRUCTURE



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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT *cont'd*

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 Board acknowledges the importance of the internal audit function and has outsourced to an independent advisory firm, Tricor Axcelasia Sdn Bhd. As part of its efforts in ensuring the internal controls are adequate and effective, the internal auditor will report 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 to provide reasonable but not absolute assurance to ensure risks are appropriately identified and mitigated.

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

The Senior Management Team is responsible for ensuring that the necessary corrective actions on reported weaknesses are made within the required time frame. 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 2022. 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 on Risk Management and Internal Control was approved by the Board on 24 May 2022.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

The Company undertook a private placement in financial year ended 31 March 2022 which raised proceeds of RM28.91 million.

The proceeds were fully utilised by January 2022 as follows:-

	RM (million)
Working capital	12.7
Repayment of bank borrowings	15.6
Listing expenses	0.6

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 2022 is as follows:-

	Audit Fees	Non-Audit Fees
Company Level	RM16,000	RM5,000
Group Level	RM120,500	RM5,000

The non-audit fees related to the review of the Statement on Risk Management and Internal Control.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

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

FINANCIAL STATEMENTS

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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 2022.

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 for the financial year	116,524	13,244
Attributable to:-		
Owners of the Company	101,428	13,244
Non-controlling interests	15,096	-
	116,524	13,244

RESERVES AND PROVISIONS

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

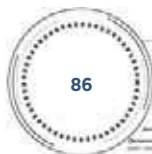
DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 March 2022:-	
First interim single tier dividend of 1.5 sen per ordinary share paid on 25 October 2021	5,706
Second interim single tier dividend of 1.5 sen per ordinary share paid on 18 February 2022	6,277
	11,983

On 24 May 2022, the Directors recommended a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2022 amounting to RM4,184,587 based on ordinary shares as at the reporting date for the approval of the shareholders at the forthcoming annual general meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in the statements of changes in equity as an appropriation of retained earnings in the financial ending 31 March 2023.



DIRECTORS' REPORT

CONT'D

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	Toh Tuan Sun
Oh Chiew Ho*	Seow Nyoke Yoong
Oh Yung Sim*	Mohamad Fazlin Bin Mohamad
Oh Pooi Foon*	Dato' Wan Hashim Bin Wan Jusoh

* Directors of the Company and certain subsidiaries

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 2022
	At 1 April 2021	Bought	Sold	
Direct interests				
Toh Tuan Sun	794,000	-	694,000	100,000
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.

DIRECTORS' REPORT

CONT'D

DIRECTORS' INTERESTS *cont'd*

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 38,041,000 new ordinary shares at an issue price of RM0.76 per ordinary shares for a total consideration of RM28,911,160 by way of private placement for repayment of bank borrowings and working capital purposes.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of insurance premium paid for indemnity given to Directors and Officers of the Group and of the Company amounted to RM11,723.

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.



DIRECTORS' REPORT

CONT'D

OTHER STATUTORY INFORMATION *cont'd*

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE

The significant events during the financial year and after the reporting date 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 2022 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 2022.

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
3 June 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 94 to 160 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 2022 and of their financial performance and their 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
3 June 2022

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 94 to 160 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
3 June 2022)

TAY YEW THIAM
(MIA NO: 11391)
CHARTERED ACCOUNTANT

Before me:

Muhammad Faiz Dharmendra Bin Abdullah
No: W 737

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 2022 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 94 to 160.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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.

Valuation of inventories

Inventories are measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of inventories based on an assessment of expected sales prices. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.

Our audit procedures in relation to the valuation of inventories included:

- Testing the valuation of the inventories on a sample basis to ascertain that inventories are stated at the lower of cost and NRV.
- Understanding and reviewing the management's assessment of NRV of the inventories and tested a sample of inventories to sales subsequent to the financial year end.
- Examining the condition of selected inventories by attending physical inventories count at the reporting date.
- Considering the adequacy of the Group's disclosure in respect of the inventory's valuation.

The Group's disclosure regarding inventories is included in Notes 3.4 and 10 to the Financial Statements.

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

Impairment of goodwill on consolidation

We focused on this area due to the magnitude of the goodwill from the acquisition of the foreign subsidiary which are subject to annual impairment assessment.

The impairment assessment performed by management involved significant degree of judgement in estimating the assumption on growth rate and discount rate used.

With respect to the appropriateness of the key assumptions used in the value in calculation, we performed the following procedures:

- Assessed the reliability of management's forecast by comparing their forecasted results against past trends of actual results.
- Checked that the growth rate did not exceed the growth rates for trading industry in which the cash generating unit ("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 earnings before interest, tax, depreciation and amortisation to determine whether reasonable change on these key assumptions would result in the carrying amounts of individual CGU to exceed their recoverable amounts.

The Group's disclosure regarding goodwill is included in Notes 3.1.3, 3.6 and 9 to the Financial Statements.

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)

TAN VEER LEEN
(NO: 03627/12/2023 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
3 June 2022

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	114,135	82,099	-	-
Right-of-use assets	5	3,139	1,614	-	-
Investment properties	6	46,786	43,878	-	-
Investment in subsidiaries	7	-	-	160,250	160,250
Investment in an associate	8	52	25	-	-
Goodwill on consolidation	9	6,039	6,039	-	-
Total non-current assets		170,151	133,655	160,250	160,250
Current assets					
Inventories	10	534,786	278,048	-	-
Trade receivables	11	334,674	238,639	-	-
Other receivables	12	9,658	21,547	25	24
Amount due from subsidiaries	13	-	-	63,524	33,893
Derivative financial instruments	14	83	675	-	-
Tax recoverable		563	3,264	-	-
Short term deposits with licensed banks	15	9,870	7,500	-	-
Cash and bank balances		34,694	23,983	61	12
Total current assets		924,328	573,656	63,610	33,929
Total assets		1,094,479	707,311	223,860	194,179
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	218,553	190,209	218,553	190,209
Capital reserve	17	2,320	2,320	-	-
Merger deficit	18	(153,190)	(153,190)	-	-
Revaluation reserves	19	14,793	20,196	-	-
Foreign exchange reserves	19	318	(77)	-	-
Retained earnings		312,217	218,004	5,012	3,751
		395,011	277,462	223,565	193,960
Non-controlling interests	7(a)	16,256	1,160	-	-
Total equity		411,267	278,622	223,565	193,960

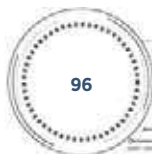
STATEMENTS OF FINANCIAL POSITION

as at 31 March 2022

CONT'D

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	6,519	6,443	-	-
Bank borrowings	21	37,569	15,435	-	-
Lease liabilities	22	13,736	13,717	-	-
Total non-current liabilities		57,824	35,595	-	-
Current liabilities					
Trade payables	23	177,964	93,983	-	-
Other payables	24	23,197	20,100	216	219
Bank borrowings	21	403,622	277,783	-	-
Lease liabilities	22	2,474	1,228	-	-
Tax payables		18,131	-	79	-
Total current liabilities		625,388	393,094	295	219
Total liabilities		683,212	428,689	295	219
Total equity and liabilities		1,094,479	707,311	223,860	194,179

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 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	25	1,116,486	753,658	14,000	-
Cost of sales		(891,898)	(656,906)	-	-
Gross profit		224,588	96,752	14,000	-
Other income	26	6,902	5,857	-	-
Selling and distribution expenses		(12,334)	(12,156)	-	-
Administration expenses		(48,257)	(35,276)	(1,003)	(644)
Other expenses		(11,951)	(12,990)	(8)	-
Impairment loss on financial assets		(3,912)	(1,260)	-	-
Operating profit/(loss)		155,036	40,927	12,989	(644)
Finance income	27	772	774	334	-
Finance costs	27	(10,363)	(12,802)	-	-
Share of results of an associate	8	27	25	-	-
Profit/(loss) before tax	28	145,472	28,924	13,323	(644)
Tax expense	29	(28,948)	(4,352)	(79)	-
Net profit/(loss) for the financial year		116,524	24,572	13,244	(644)
Other comprehensive income:					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences for foreign operation		395	(66)	-	-
Total comprehensive income/(loss) for the financial year		116,919	24,506	13,244	(644)
Net profit/(loss) for the financial year attributable to:-					
Owners of the Company		101,428	19,004	13,244	(644)
Non-controlling interests		15,096	5,568	-	-
		116,524	24,572	13,244	(644)
Total comprehensive income attributable to:-					
Owners of the Company		101,823	18,938		
Non-controlling interests		15,096	5,568		
		116,919	24,506		
Earnings per share					
Basic earnings per ordinary share attributable to owners of the Company (RM)	30	0.26	0.05		

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

for the financial year ended 31 March 2022

	<div style="text-align: center;">↔ Attributable to owners of the Company ↔</div>								
	<div style="text-align: center;">Non-distributable →</div>						<div style="text-align: center;">Distributable</div>		
Note	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
Group									
Balance at 1 April 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
Foreign currency translation differences for foreign operation	-	-	-	395	-	-	395	-	395
Net profit for the financial year	-	-	-	-	-	101,428	101,428	15,096	116,524
Total comprehensive income for the financial year	-	-	-	395	-	101,428	101,823	15,096	116,919
Disposal of property, plant and equipment	-	-	-	-	(4,768)	4,768	-	-	-
Transfer of revaluation reserves due to changes in tax rate	20	-	-	-	(635)	-	(635)	-	(635)
Dividends paid to owners of the Company	34	-	-	-	-	(11,983)	(11,983)	-	(11,983)
Issuance of shares under private placement	16	28,344	-	-	-	-	28,344	-	28,344
Balance at 31 March 2022	218,553	2,320	(153,190)	318	14,793	312,217	395,011	16,256	411,267

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2022

CONT'D

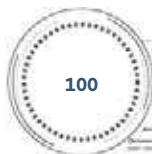
Attributable to owners of the Company										
Non-distributable										
Distributable										

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

STATEMENTS OF CASH FLOW

for the financial year ended 31 March 2022

Note	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES				
Profit/(loss) before tax	145,472	28,924	13,323	(644)
Adjustments for:-				
Depreciation of property, plant and equipment	2,342	3,732	-	-
Loss/(gain) on disposal of property, plant and equipment	746	(62)	-	-
Property, plant and equipment written off	173	14	-	-
(Reversal of)/impairment loss on property, plant and equipment	(184)	184	-	-
Depreciation of right-of-use assets	2,183	2,467	-	-
Loss/(gain) on disposal of right-of-use assets	33	(50)	-	-
Income from derecognised of right-of-use assets and lease liabilities	-	(4)	-	-
Adjustment due to lease modification	-	519	-	-
(Gain)/loss on fair value adjustments on investment properties	(590)	1,360	-	-
Loss on disposal of investment property	42	442	-	-
Allowance for slow moving and obsolete inventories	2,045	233	-	-
Reversal of allowance for slow moving and obsolete inventories	(1,651)	-	-	-
Inventories written down	472	-	-	-
Impairment loss on trade receivables	3,912	1,260	-	-
Bad debts recovered	(167)	(168)	-	-
Bad debts written off	518	-	-	-
Finance costs	11,039	13,443	-	-
Finance income	(772)	(774)	(334)	-
Unrealised loss/(gain) on foreign exchange	462	(160)	-	-
Share of results of an associate	(27)	(25)	-	-
Capital distribution from a former subsidiary	-	(1,733)	-	-
Loss on deconsolidation of a subsidiary	-	2,015	-	-
Operating profit/(loss) before working capital changes	166,048	51,617	12,989	(644)
Changes in working capital:-				
Inventories	(255,825)	58,020	-	-
Receivables	(88,523)	(33,625)	(1)	-
Payables	85,119	(16,198)	(3)	(59)



STATEMENTS OF CASH FLOW

for the financial year ended 31 March 2022

CONT'D

Note	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES <i>cont'd</i>				
Cash (used in)/generated from operations	(93,181)	59,814	12,985	(703)
Net tax paid	(8,702)	(1,229)	-	-
Finance costs paid	(11,039)	(13,443)	-	-
Finance income received	772	774	334	-
Net cash (used in)/from operating activities	(112,150)	45,916	13,319	(703)
INVESTING ACTIVITIES				
Capital distribution from a former subsidiary	-	1,733	-	-
Net cash outflows in deconsolidation	-	(184)	-	-
Purchase of property, plant and equipment	(45,111)	(577)	-	-
Purchase of right-of-use assets A	-	(32)	-	-
Purchase of investment properties	(2,693)	-	-	-
Net cash outflows on acquisition of subsidiary	-	-	-	(150)
Proceeds from disposal of property, plant and equipment	10,947	1,168	-	-
Proceeds from disposal of right-of-use assets	134	50	-	-
Proceeds from disposal of investment properties	150	13,020	-	-
(Advances to)/repayments from subsidiaries	-	-	(29,631)	851
Net cash (used in)/from investing activities	(36,573)	15,178	(29,631)	701

STATEMENTS OF CASH FLOW

for the financial year ended 31 March 2022

CONT'D

Note	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
FINANCING ACTIVITIES				
Dividends paid	(11,983)	-	(11,983)	-
Payment of principal portion of lease liabilities	(2,614)	(2,278)	-	-
Net proceeds from issuance of shares	28,344	-	28,344	-
Drawdown from bankers' acceptance/ trust receipts	950,655	878,267	-	-
Repayments of bankers' acceptance/ trust receipts	(826,409)	(930,210)	-	-
Drawdown from onshore foreign currency loans	26,066	18,175	-	-
Repayments of onshore foreign currency loans	(7,384)	(30,922)	-	-
Drawdown from revolving credit	-	411	-	-
Repayments of revolving credit	(20,607)	(10,529)	-	-
Drawdown from term loan	25,800	15,419	-	-
Net cash from/(used in) financing activities	161,868	(61,667)	16,361	-
CASH AND CASH EQUIVALENTS				
Net changes	13,145	(573)	49	(2)
At beginning of financial year	31,483	32,307	12	14
Effect on foreign exchange differences	(64)	(251)	-	-
At end of financial year	B 44,564	31,483	61	12

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
2022			
Additions of right-of-use assets and lease liabilities (Notes 5 and 22)	3,864	(3,864)	-
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

STATEMENTS OF CASH FLOW

for the financial year ended 31 March 2022

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	34,694	23,983	61	12
Short term deposits with licensed banks	9,870	7,500	-	-
	44,564	31,483	61	12

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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 3 June 2022.

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 and derivative financial instruments 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.

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 uses 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 2022

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 determines 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

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 except when otherwise stated.

2.4 Adoption of new standards/amendments/improvements to MFRSs

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

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the current financial year beginning on or after 1 April 2021.

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

Amendments to MFRSs effective 1 January 2022:

Amendments to MFRS 3 [#]	Reference to the Conceptual Framework
Amendments to MFRS 116 [#]	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

2. BASIS OF PREPARATION *cont'd*

2.5 Standard issued but not yet effective *cont'd*

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and amendments, if applicable, when they become effective: *cont'd*

MFRS and amendments to MFRSs effective after 1 January 2023:

Amendments to MFRS 4*#	Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17*# and amendments to MFRS 17*#	Insurance Contracts
Amendments to MFRS 17*#	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Income taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs – effective date deferred indefinitely:

Amendments to MFRS 10# and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* *Not applicable to the Group's operation*

Not applicable to the Company's operation

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

2.6 Significant accounting estimates and judgements

Estimates and 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 amount of the land and buildings at the reporting date and the relevant revaluation basis are disclosed in Note 4 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

2. BASIS OF PREPARATION *cont'd*

2.6 Significant accounting estimates and judgements *cont'd*

2.6.1 Estimation uncertainty *cont'd*

Fair value of investment properties

The Group measures its investment properties at fair value with changes in fair value being recognised in profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages independent professional valuer to estimate the fair value.

The carrying amount of the investment properties at the reporting date and the relevant valuation basis are disclosed in Note 6 to the Financial Statements.

Useful lives of depreciable assets

Management estimates the useful lives of property, plant and equipment and right-of-use assets to be within 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 March 2022, 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.

The carrying amount of the Group's property, plant and equipment and right-of-use assets at the reporting date are disclosed in Notes 4 and 5 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 amount 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 value, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 9 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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. The information about ECLs on the Group's trade receivables is disclosed in Note 35 to the Financial Statements.

Income taxes

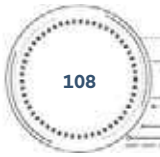
Significant judgement is involved in determining the Group-wide and Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities 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 2022

CONT'D

2. BASIS OF PREPARATION *cont'd*

2.6 Significant accounting estimates and judgements *cont'd*

2.6.2 Significant management judgement

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

Classification between investment properties and owner-occupied properties

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portion separately if these portions could be sold separately (or leased out separately under finance lease). 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, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

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

Investment in subsidiaries is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

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 date.

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.

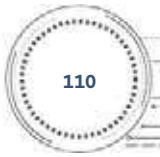
Merger method

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

3.1.3 Business combinations and goodwill *cont'd*

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

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

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

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

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

3.1.4 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

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, 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.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of 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 the Group. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

3.1.6 Associates *cont'd*

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.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their intended use, cost of replacing component parts of the assets and the present value of the expected cost for the decommissioning of the assets after their use.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses, if any recognised after the date of revaluation. 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 decreases 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 2022

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% - 33.3%
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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

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 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Inventories

Inventories are stated 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 2022

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.

At the reporting date, the Group and the Company carry financial assets at amortised cost and financial assets at fair value through profit or loss on their statements of financial position.

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 other receivables, amount due from subsidiaries, cash and cash equivalents.

Financial assets at fair value through profit or loss

The Company's financial assets at fair value through profit or loss include derivatives that are measured in accordance with the accounting policy set out in Note 3.5.4 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Financial instruments *cont'd*

3.5.1 Financial assets *cont'd*

Impairment

The Group and the Company recognise an allowance for 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.

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

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

At 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 credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Financial instruments *cont'd*

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 and the Company's financial liabilities include trade and other payables, bank borrowings and lease liabilities.

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

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position.

Financial liabilities at amortised cost

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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Financial instruments *cont'd*

3.5.4 Derivative financial instruments

The Company enters into derivative financial instruments such as forward foreign currency contracts to manage its exposure to foreign currency risks.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting year. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3.5.5 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 determined in accordance with the expected credit losses model under MFRS 9 Financial Instruments; 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.

As at the reporting date, no values were placed on corporate guarantees provided by the Group and the Company as the Directors of the Company regard the value of the credit enhancement provided by the corporate guarantees as minimal.

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 2022

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 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.

3.8 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 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.8 Leases *cont'd*

Group as lessee *cont'd*

3.8.1 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 buildings	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.

3.8.2 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 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.8 Leases *cont'd*

Group as lessee *cont'd*

3.8.3 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.

3.9 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.

3.10 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 year's profit and prior years' retained earnings.

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 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.10 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.

3.11 Foreign currency translation

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

3.11.1 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).

3.11.2 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 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.11 Foreign currency translation *cont'd*

3.11.2 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.

3.12 Revenue and other income

3.12.1 Revenue

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

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

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.

3.12.2 Finance income

Finance income is recognised as it accrues using the effective interest method in profit or loss.

3.12.3 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.



NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.12 Revenue and other income *cont'd*

3.12.4 Dividend income

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

3.13 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 recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses already incurred with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.14 Employees benefits

3.14.1 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.

3.14.2 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.

3.15 Tax expenses

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

3.15.1 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).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Tax expenses *cont'd*

3.15.2 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 Notes 3.2 and 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.

3.16 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.

3.17 Earnings per share

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

4. PROPERTY, PLANT AND EQUIPMENT

Group	← At valuation →		← At cost →		Total RM'000
	Land RM'000	Buildings RM'000	Machinery and equipment RM'000	Motor vehicles and others RM'000	
Cost or valuation					
At 1 April 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
Additions	44,732	-	79	300	45,111
Disposals	(9,680)	(1,720)	(183)	(425)	(12,008)
Written off	-	-	(10)	(268)	(278)
Transfer from investment properties	-	200	-	-	200
Translation differences	-	-	1	3	4
At 31 March 2022	91,332	16,903	18,400	11,264	137,899
Accumulated depreciation					
At 1 April 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
At 31 March 2021	-	1,216	11,203	10,038	22,457
Charge for the financial year	-	363	1,262	717	2,342
Disposals	-	(117)	(129)	(817)	(1,063)
Written off	-	-	(4)	(101)	(105)
Translation differences	-	-	-	3	3
As 31 March 2022	-	1,462	12,332	9,840	23,634

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

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

Group	← At valuation →		← At cost →		Total RM'000
	Land RM'000	Buildings RM'000	Machinery and equipment RM'000	Motor vehicles and others RM'000	
Accumulated impairment losses					
At 1 April 2020	-	1,882	-	130	2,012
Recognised for the financial year	-	-	-	184	184
Transfer to investment properties	-	(1,882)	-	-	(1,882)
At 31 March 2021	-	-	-	314	314
Reversed for the financial year	-	-	-	(184)	(184)
31 March 2022	-	-	-	130	130
Net carrying amount					
At 31 March 2022	91,332	15,441	6,068	1,294	114,135
At 31 March 2021	56,280	17,207	7,310	1,302	82,099

(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 RM72,399,000 (2021: RM30,615,000).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

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

(c) Transfer from investment properties

During the financial year ended 31 March 2022, one building was transferred from investment properties because it was no longer leased to a third party and it was used by the Group.

There were no gain or loss recognised on the changes in the value of the properties as at the date of transfer.

(d) Securities against the land

Land amounting to RM44,732,015 (2021: Nil) has been charged to a licensed bank to secure banking facilities granted to a subsidiary of the Company.

(e) The reconciliation of (loss)/gain on disposal of property, plant and equipment are as follows:-

	2022 RM'000	2021 RM'000
Proceeds from disposal property, plant and equipment	10,947	1,168
Less: Net book value of property, plant and equipment	(10,945)	1,106
Less: Direct cost attributable to disposal	(36)	-
Less: Provision for Real Property Gain Tax	(712)	-
(Loss)/gain on disposal of property, plant and equipment	(746)	62

5. RIGHT-OF-USE ASSETS

Group	Hostels RM'000	Office buildings/ warehouses RM'000	Land RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 April 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
Additions	63	3,801	-	-	3,864
Disposals	-	-	-	(395)	(395)
Reversal due to termination	(52)	-	-	-	(52)
Translation differences	-	63	-	-	63
At 31 March 2022	109	7,038	-	1,555	8,702

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

5. RIGHT-OF-USE ASSETS *cont'd*

Group	Hostels RM'000	Office buildings/ warehouses RM'000	Land RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation					
At 1 April 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
Charge for the financial year	31	1,800	-	352	2,183
Reversal due to termination	(42)	-	-	-	(42)
Disposals	-	-	-	(228)	(228)
Translation differences	-	42	-	-	42
At 31 March 2022	65	4,436	-	1,062	5,563
Net carrying amount					
At 31 March 2022	44	2,602	-	493	3,139
At 31 March 2021	22	580	-	1,012	1,614

(a) The Group leases its office buildings, warehouses, hostels and land. The lease of office buildings, hostels, warehouses and land typical run for a period of 1 year to 25 years.

(b) All the motor vehicles included in right-of-use assets of the Group are under finance lease arrangement.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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6. INVESTMENT PROPERTIES

Group	← At fair value →		At cost	Total RM'000
	Land and buildings RM'000	Right-of-use assets - Land RM'000	Building-in- progress RM'000	
At 1 April 2020	30,368	-	-	30,368
Fair value adjustment 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
Fair value adjustment recognised in profit or loss	590	-	-	590
Additions	-	-	2,693	2,693
Disposals	(175)	-	-	(175)
Transfer to property, plant and equipment	(200)	-	-	(200)
At 31 March 2022	32,283	11,810	2,693	46,786

	Group	
	2022 RM'000	2021 RM'000
Rental income	(1,165)	(1,397)
Direct operating expenses:-		
- Income generating investment properties	294	119
- Non-income generating investment properties	18	16

The title deed of buildings of the Group with fair value of RM2,840,000 (2021: RM2,695,000) are yet to be issued by the relevant authorities.

(a) Fair value basis of investment properties

The Group applies fair value model in measuring its land, buildings and right-of-use land. Land and buildings of the Group were revalued in financial year 2022 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 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

31 March 2022

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6. INVESTMENT PROPERTIES *cont'd*

- (b) The land, buildings and right-of-use 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 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.

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

	2022	2021
	RM'000	RM'000
Proceeds from disposal of investment properties	150	13,020
Less: Cost of investment properties	(175)	(11,900)
Less: Direct cost attributable to disposal	(2)	(575)
Less: Provision for Real Property Gain Tax	(15)	(987)
Loss on disposal of investment properties	(42)	(442)

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

The right-of-use assets are included in the same items as where the corresponding underlying assets would be presented if they were owned.

- (e) During the financial year, a building has been transferred to property, plant and equipment, as it was no longer leased to third party and was used by the Group.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares at cost	160,250	160,250

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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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
		2022 %	2021 %	
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 and investment holding
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	99	99	Manufacturing and trading of panels and components for sectional tanks
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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

7. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) 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
<u>2022</u>			
Effective interest equity (%)	51%	-	
Carrying amount of NCI	16,220	36	16,256
Profit/(loss) allocated to NCI	15,102	(6)	15,096
<u>2021</u>			
Effective interest equity (%)	51%	-	
Carrying amount of NCI	1,118	42	1,160
Profit allocated to NCI	5,555	13	5,568

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

	Steelaris	
	2022 RM'000	2021 RM'000
Financial position as at 31 March		
Non-current assets	2,699	644
Current assets	315,654	187,811
Non-current liabilities	(12,597)	(15,489)
Current liabilities	(272,260)	(170,683)
Net assets	33,496	2,283
Summary of financial performance for the financial year ended 31 March		
Revenue	357,307	249,948
Profit for the financial year/Total comprehensive income for the financial year	30,819	11,338
Summary of cash flows for the financial year ended 31 March		
Net cash inflows from operating activities	9,544	1,809
Net cash (outflows)/inflows from investing activities	(40)	42
Net cash (outflows)/inflows from financing activities	(13,028)	6,015

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8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost				
Unquoted shares in Malaysia	450	450	450	450
Impairment loss	-	-	(450)	(450)
Share of results of associate	(398)	(425)	-	-
	52	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
		2022 %	2021 %	
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	
	2022 RM'000	2021 RM'000
Cost		
At 1 April/31 March	6,039	6,039

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

	Growth Rate		Discount Rate	
	2022 %	2021 %	2022 %	2021 %
Steelaris	3.00	2.00	7.00	8.03

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9. GOODWILL ON CONSOLIDATION *cont'd*

- (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	
	2022	2021
	RM'000	RM'000
At carrying amount:-		
Raw materials	6,263	3,476
Work-in-progress	3,779	2,461
Finished goods	490,398	249,071
Goods in transit	34,346	23,040
	534,786	278,048
Recognised in profit or loss:-		
Inventories recognised as cost of sales	882,901	573,500
Inventories written down	472	-
Allowance for slow moving and obsolete inventories	2,045	233
Reversal for allowance of slow moving and obsolete inventories	(1,651)	-

The reversal for allowance of slow moving and obsolete inventories was made during the financial year when the related inventories were sold above their carrying amounts.

11. TRADE RECEIVABLES

	Group	
	2022	2021
	RM'000	RM'000
Trade receivables	342,254	246,221
Less: Allowance for expected credit loss		
At beginning of financial year	(7,582)	(6,350)
Recognised	(3,912)	(1,260)
Written off	3,928	53
Translation differences	(14)	(25)
At end of financial year	(7,580)	(7,582)
	334,674	238,639

Trade receivables are generally on 0 to 150 (2021: 0 to 150) days term.

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12. OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	3,845	8,921	-	-
Deposits	1,647	697	5	5
Prepayments	4,166	2,409	20	19
Goods and service tax receivable	-	918	-	-
Deposit for land purchase	-	8,602	-	-
	9,658	21,547	25	24

Included in the Group's non-trade receivables in prior year was an amount of RM2,928,000 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 and repayable on demand. Included in the amount of RM37,746,184 (2021: Nil) bearing an interest rate of 1.34% (2021: Nil) per annum.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2022	2021
	RM'000	RM'000
Forward currency contracts		
Contract/notional amount	184,078	93,346
Assets at carrying amount/fair value	83	675

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.

The derivative financial instruments are measured according to the level 2 in the fair value hierarchy as disclosed in Note 2.2 to the Financial Statements. There was no transfer (2021: no transfer) between the fair value hierarchy during the financial year.

15. SHORT TERM DEPOSITS WITH LICENSED BANKS

The interest rates of short term deposits with licensed banks range from 1.00% to 1.55% (2021: 1.05% to 1.70%) per annum with maturity dates of 1 day to 12 days (2021: 2 days to 12 days).

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16. SHARE CAPITAL

Group and Company	Ordinary shares		Amount	
	2022 Unit'000	2021 Unit'000	2022 RM'000	2021 RM'000
Issued and fully paid with no par value:-				
At 1 April	380,418	380,418	190,209	190,209
Issuance of shares under private placement	38,041	-	28,911	-
Expenses incurred for issuance of shares under private placement	-	-	(567)	-
At 31 March	418,459	380,418	218,553	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.

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.

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20. DEFERRED TAX LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
At 1 April	6,443	6,734
Recognised in profit or loss (Note 29)	(559)	(291)
Transferred from revaluation reserves due to changes in tax rate	635	-
At 31 March	6,519	6,443

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

	Group	
	2022	2021
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	3,873	2,487
Revaluation of investment properties	737	592
Revaluation of land and buildings	2,855	3,365
Impairment loss on trade receivables	(946)	(1)
	6,519	6,443

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of the utilisation against the future taxable profits of the Group:-

	Group	
	2022	2021
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	433	1,309
Revaluation of investment properties	21	46
Others	254	268
Unabsorbed business losses	2,800	20,542
Unutilised capital allowances	68	170
Unutilised reinvestment allowances	2,259	2,259
	5,835	24,594

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20. DEFERRED TAX LIABILITIES *cont'd*

The Group's unabsorbed business losses, unutilised capital allowances and unutilised reinvestment allowances amounting to RM2,800,000, RM68,000 and RM2,259,000 (2021: RM20,542,000, RM170,000 and RM2,259,000) can be carried forward to offset against future taxable profits.

The expiry terms of the unabsorbed business losses of the Company as of 31 March 2019 and thereafter have been extended from 7 years to 10 years, therefore the unabsorbed business losses will now be available for carry forward for a period of 10 (2021: 7) consecutive years. Upon expiry of the 10 (2021: 7) years, the unabsorbed tax losses will be disregarded.

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

	Group	
	2022	2021
	RM'000	RM'000
Year of assessment 2025	-	1,669
Year of assessment 2027	-	1,151
Year of assessment 2028	1,649	-
Year of assessment 2030	1,151	-
	2,800	2,820

In prior year, included in the unabsorbed business losses in a foreign subsidiary amounting to RM17,722,000 has no expiry period.

21. BANK BORROWINGS

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Term loans	37,569	15,435
Current		
Bankers' acceptance/Trust receipts	381,516	257,176
Onshore foreign currency loans	18,331	-
Revolving credit	-	20,607
Term loan	3,775	-
	403,622	277,783
	441,191	293,218

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.

A term loan facility is secured by a land disclosed in Note 4 to the Financial Statements.

The bank borrowings of the Group bear interest at rates ranging from 1.37% to 6.40% (2021: 2% to 6.45%) per annum.

The repayment terms for the term loan amounted to RM25,800,000 are repayable over 120 monthly instalments of RM215,000 each month commencing from the 25th month of the date of the first principal release and the remaining are repayable by 60 equal monthly instalments.

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22. LEASE LIABILITIES

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

	Group	
	2022	2021
	RM'000	RM'000
At 1 April	14,945	15,197
Additions	3,864	397
Accretion of interest	723	704
Reversal due to termination	(10)	(195)
Adjustment on lease modification	-	1,780
Payment made*	(3,337)	(2,982)
Translation difference	25	44
At 31 March	16,210	14,945
Current	2,474	1,228
Non-current	13,736	13,717
	16,210	14,945

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% (2021: 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 in relation to leases as a lessee:-

	Group	
	2022	2021
	RM'000	RM'000
Depreciation expense of right-of-use assets	2,183	2,467
Interest expense on lease liabilities		
- Recognised as cost of sales	676	641
- Recognised as finance cost	47	63
Loss/(gain) on disposal of right-of-use assets	33	(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*	79	109
Expense relating to short term lease*	111	203
	3,129	3,948

* Total cash outflows for leases as a lessee of the Group amounted to RM3,527,000 (2021: RM3,294,000).

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23. TRADE PAYABLES

The normal credit terms granted by the trade payables range from 0 to 180 (2021: 0 to 180) days term.

24. OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-trade payables	15,531	14,022	20	11
Accruals	6,400	5,058	196	208
Deposits	1,266	1,020	-	-
	23,197	20,100	216	219

25. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Types of revenue				
Sales of goods	1,116,486	753,658	-	-
Dividend income	-	-	14,000	-
	1,116,486	753,658	14,000	-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition				
Goods transferred at a point in time	1,116,486	753,658	-	-

Geographical Information

The geographical market of the revenue generated by the Group is disclosed in the Note 36(b) to the Financial Statements.

Performance obligation

The performance obligation of sales of goods is satisfied upon delivery of the goods.

There were no obligations for rebate, returns, warranty and other similar or related obligations.

There were no remaining performance obligations unsatisfied as at the reporting date.

Contract balance

The contract balance in relation to the revenue from contract with customers and the related payment terms are disclosed in Note 11 to the Financial Statements. Significant increase in the goods delivered during the financial year results in the significant increase in the trade receivables.

There were no contract liabilities at the reporting date and previous years presented and no revenue was recognised from performance obligations satisfied in previous years.

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26. OTHER INCOME

	Group	
	2022	2021
	RM'000	RM'000
Bad debt recovered	167	168
Capital distribution from a former subsidiary	-	1,733
Fair value gain on investment properties	590	-
Gain on disposal of property, plant and equipment	-	62
Gain on disposal of right-of-use assets	-	50
Grants received	1,064	1,323
Income from derecognised of right-of-use assets and lease liabilities	-	4
Other income	1,888	671
Rental income	1,165	1,397
Rental discount	-	31
Reversal for impairment loss on property, plant and equipment	184	-
Reversal of allowance for slow moving and obsolete inventories	1,651	-
Wages subsidy	193	418
	6,902	5,857

27. FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Finance income from:				
Cash and cash equivalents	58	55	-	-
Overdue accounts	650	518	-	-
Non-trade receivables	64	201	-	-
Subsidiaries	-	-	334	-
	772	774	334	-

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

	Group	
	2022	2021
	RM'000	RM'000
Finance costs on:		
Term loan	438	21
Bank overdrafts	29	62
Bankers' acceptance/Trust receipts	9,371	11,220
Revolving credit	247	852
Onshore foreign currency loans	229	485
Lease liabilities	47	63
Other	2	99
	10,363	12,802

28. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Grant Thornton Malaysia PLT				
- Statutory audit	121	115	16	16
- Others	5	5	5	5
- Other auditors	99	94	-	-
Lease for low-value assets:-				
- Office equipment	79	109	-	-
Short-term lease for:-				
- Material handling equipment	-	203	-	-
- Office premises	111	-	-	-
Rental income	(1,165)	(1,397)	-	-
Realised (gain)/loss on foreign exchange	(1,401)	257	-	-

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29. TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Taxation:				
- current year	29,638	4,672	79	-
- overprovision in prior years	(131)	(29)	-	-
Deferred taxation (Note 20):				
- current year	518	(511)	-	-
- (over)/underprovision in prior years	(1,077)	220	-	-
	28,948	4,352	79	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	145,472	28,924	13,323	(644)
Tax at 24% (2021: 24%)	34,913	6,942	3,198	(155)
Effect of tax rate in foreign jurisdictions	(1,066)	(18)	-	-
Non-allowable expenses	1,422	2,137	241	155
Income not subject to tax	(756)	(80)	(3,360)	-
Movement of deferred tax assets not recognised	(4,502)	(3,288)	-	-
Deferred tax arising from investment properties	145	(1,532)	-	-
Overprovision of taxation in prior years	(131)	(29)	-	-
(Over)/underprovision of deferred tax in prior years	(1,077)	220	-	-
Total tax expense	28,948	4,352	79	-

30. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated based on Group's net profit for the year attributable to owners of the Company of RM101,428,000 (2021: RM19,004,000) over the number of weighted average shares during the financial year of 395,946,722 (2021: 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.

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31. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	36,893	24,499	533	454
Defined contribution plans	4,316	3,046	-	-
Social security contributions	141	162	-	-
Other benefits	2,828	2,039	-	-
	44,178	29,746	533	454

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Directors:-</u>				
Directors' fee	488	424	488	424
Salaries and other emoluments	5,532	3,599	45	30
Defined contribution plans	1,033	670	-	-
Social security contributions	3	3	-	-
Other benefits	90	92	-	-
	7,146	4,788	533	454

Other key management personnels:-

Salaries and other emoluments	11,637	5,638	-	-
Defined contribution plans	949	716	-	-
Social security contributions	14	15	-	-
Other benefits	268	189	-	-
	12,868	6,558	-	-
	20,014	11,346	533	454

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32. CAPITAL COMMITMENTS

	Group	
	2022	2021
	RM'000	RM'000
Authorised but not contracted for:		
- Property, plant and equipment	47,451	59,599
Authorised and contracted for:		
- Property, plant and equipment	9,705	34,410

33. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Purchases of goods from related parties	27	27	-	-
Rental charged by related parties	394	128	-	-
Interest charged to related parties	(64)	(201)	-	-
Interest charged by related parties	-	15	-	-
Interest charged to subsidiaries	-	-	(334)	-
Accounting fee charged by a subsidiary	-	-	62	43
Service fee charged by a related party	965	553	-	-

Related parties refer to companies in which controlled by Directors of certain subsidiary companies. The related party transactions have been entered on a negotiated basis between companies.

(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

In respect for the financial year ended 31 March 2022:

First interim single-tier dividend of 1.5 sen per ordinary share	5,706
Second interim single-tier dividend of 1.5 sen per ordinary share	6,277
	11,983

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
2022			
Financial assets			
Trade and other receivables	340,166	340,166	-
Short term deposits with licensed banks	9,870	9,870	-
Cash and bank balances	34,694	34,694	-
Derivative financial instruments	83	-	83
	384,813	384,730	83
Financial liabilities			
Trade and other payables	201,161	201,161	-
Bank borrowings	441,191	441,191	-
	642,352	642,352	-
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	-

Company

At the reporting date and all years presented, the Company carries only financial assets and financial liabilities measured at amortised cost in its statement of financial position.



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35. FINANCIAL INSTRUMENTS *cont'd*

35.2 Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing their credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure.

It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company exposed to credit risk:

(i) Receivables

The Group's and the Company's exposure to credit risk are influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. The Group's and the Company's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by payment record and customer relationship). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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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*

Following are the areas where the Group and the Company exposed to 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>2022</u>			
Collectively impaired			
Current	190,811	(50)	190,761
1-30 days past due	81,595	(417)	81,178
31-60 days past due	31,907	(191)	31,716
61-90 days past due	14,621	(242)	14,379
More than 90 days past due	17,021	(381)	16,640
Credit impaired			
Individually impaired	6,299	(6,299)	-
	342,254	(7,580)	334,674
<u>2021</u>			
Collectively impaired			
Current	110,371	-	110,371
1-30 days past due	49,269	(94)	49,175
31-60 days past due	36,359	(140)	36,219
61-90 days past due	12,675	(442)	12,233
More than 90 days past due	31,668	(1,027)	30,641
Credit impaired			
Individually impaired	5,879	(5,879)	-
	246,221	(7,582)	238,639

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who had defaulted on payments.

Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

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CONT'D

35. FINANCIAL INSTRUMENTS *cont'd*

35.2 Financial risk management objectives and policies *cont'd*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: *cont'd*

(a) Credit risk *cont'd*

Following are the areas where the Group and the Company exposed to credit risk: *cont'd*

(ii) Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

At the end of the reporting year, there was no indication that the advances to subsidiaries are not recoverable.

(iii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

(iv) Financial guarantees

The maximum exposure to credit risk is RM558,254,000 (2021: RM501,162,000) in respect of corporate guarantees given to financial institution for banking facilities granted to and utilised by the subsidiaries as at the end of the reporting year.

The maximum exposure to credit risk is RM27,800,000 (2021: RM29,550,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

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	Less than 1 year RM'000	More than 1 year but less than 5 years RM'000	More than 5 years RM'000
<u>2022</u>					
Trade payables	177,964	177,964	177,964	-	-
Other payables	23,197	23,197	23,197	-	-
Bankers' acceptance/Trust receipts	381,516	385,884	385,884	-	-
Onshore foreign currency loan	18,331	18,331	18,331	-	-
Lease liabilities	16,210	24,037	3,064	4,743	16,230
Term loans	41,344	49,677	3,775	27,704	18,198
Total	658,562	679,090	612,215	32,447	34,428
<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	396,307	19,383	18,319

Company

At the reporting date, the contractual maturities (including interest payments) of the Company are less than one year.

The Company has contractual cash flows relating to financial guarantees as detailed in Note 35.2(a)(iv) to the Financial Statements. The exposure for financial guarantee is for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

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, cash and bank balances and borrowings that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Australian Dollar ("AUD") and Euro ("EUR"). 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:

Group	Denominated in			
	USD RM'000	SGD RM'000	AUD RM'000	EUR RM'000
<u>2022</u>				
Derivative financial instruments	64	19	-	-
Cash and bank balances	5,190	8,986	-	-
Trade receivables	14,155	33,245	167	-
Trade payables	(148,127)	(1,092)	-	(234)
Borrowings	-	(18,355)	-	-
Other payables	(23)	(39)	-	-
	(128,741)	22,764	167	(234)
<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	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

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 for the financial year to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Profit for the financial year RM'000	Equity RM'000
<u>2022</u>		
USD/RM		
- Strengthened 3.84%	(4,944)	(4,944)
- Weakened 3.84%	4,944	4,944
SGD/RM		
- Strengthened 1.64%	373	373
- Weakened 1.64%	(373)	(373)
<u>2021</u>		
USD/RM		
- Strengthened 5.12%	(1,397)	(1,397)
- Weakened 5.12%	1,397	1,397
SGD/RM		
- Strengthened 2.74%	(140)	(140)
- Weakened 2.74%	140	140

As at the reporting date, the Group determined the effects of sensitivity if the Group's profit and total equity for the financial year to a reasonably possible change in the AUD and EUR exchange rate to be immaterial.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

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*

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	
	2022	2021
	RM'000	RM'000
Fixed rate instruments		
Other receivables	-	2,928
Short term deposits with licensed banks	9,870	7,500
Lease liabilities	(16,210)	(14,945)
	(6,340)	(4,517)
Floating rate instruments		
Bankers' acceptance/Trust receipts	(381,516)	(257,176)
Revolving credit	-	(20,607)
Onshore foreign currency loans	(18,331)	-
Term loans	(41,344)	(15,435)
	(441,191)	(293,218)
	Company	
	2022	2021
	RM'000	RM'000
Fixed rate instrument		
Amount due from subsidiaries	37,746	-

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 40 (2021: 50) 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:

	2022	2021
	RM'000	RM'000
Effect on profit/total equity for the financial year	(1,765)	(1,466)

If the interest rate had weakened then the impact to profit or loss/equity for financial year would be the opposite effect.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

35. FINANCIAL INSTRUMENTS *cont'd*

35.3 Fair values of financial instruments

The carrying amounts of short term receivables and payables, derivative financial instruments, cash and cash equivalents and short term borrowings approximate their fair value due to their short term nature or insignificant impact of discounting.

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>2022</u>				
Bankers' acceptance/Trust receipts	257,176	124,246	94 ⁽ⁱ⁾	381,516
Lease liabilities	14,945	(2,614)	3,879 ⁽ⁱⁱ⁾	16,210
Revolving credit	20,607	(20,607)	-	-
Onshore foreign currency loans	-	18,682	(351) ⁽ⁱⁱⁱ⁾	18,331
Term loans	15,435	25,800	109 ⁽ⁱ⁾	41,344
	308,163	145,507	3,731	457,401
<u>2021</u>				
Bankers' acceptance/Trust receipts	309,119	(51,943)	-	257,176
Lease liabilities	15,197	(2,278)	2,026 ⁽ⁱⁱ⁾	14,945
Revolving credit	30,215	(10,118)	510 ⁽ⁱⁱⁱ⁾	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

(i) Being translation differences.

(ii) This amount is net of addition of lease liabilities, reversal due to termination, adjustment on lease modification and translation differences.

(iii) Being unrealised gain on foreign exchange.

36. OPERATING SEGMENT

(a) Business segments

For the management purposes, the Group is organised into business units based on their products and services, which comprise the following:

Trading 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

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
2022						
Revenue						
External customers		35,149	1,078,153	3,184	-	1,116,486
Inter-segment	i	8,644	241,319	14,000	(263,963)	-
Total revenue		43,793	1,319,472	17,184	(263,963)	1,116,486
Results:						
Finance income		(64)	(6,037)	(334)	5,663	(772)
Finance costs		160	15,932	580	(5,633)	11,039
Depreciation of property, plant and equipment		968	1,182	72	120	2,342
Depreciation of right- of-use assets		4	2,179	-	-	2,183
Gain on fair value adjustment on investment properties		-	(1,390)	-	800	(590)
Other non-cash expenses	ii	(592)	7,504	2	(346)	6,568
Income tax expense		1,193	27,259	496	-	28,948
Dividend income		-	2,000	-	(2,000)	-
Share of results of an associate		-	-	-	27	27
Segment profit		4,058	117,450	15,065	(20,049)	116,524
Assets:						
Additions to non- current assets	iii	10	49,862	3,232	(1,436)	51,668
Segment assets		40,275	1,259,014	259,732	(464,542)	1,094,479
Liabilities:						
Segment liabilities		17,170	913,944	38,214	(286,116)	683,212

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

CONT'D

36. OPERATING SEGMENT *cont'd*

(a) Business segments *cont'd*

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:						
Finance income		(99)	(2,251)	-	1,576	(774)
Finance costs		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 assets		550	2,636	-	(719)	2,467
Fair value adjustment on investment properties		15	1,345	-	-	1,360
Other non-cash expenses	ii	758	1,618	-	-	2,376
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 2022

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	
	2022	2021
	RM'000	RM'000
Property, plant and equipment written off	173	14
Loss/(gain) on disposal of property, plant and equipment	746	(62)
Loss/(gain) on disposal of right-of-use assets	33	(50)
Loss on disposal of investment properties	42	442
Income from derecognised of right-of-use assets and lease liabilities	-	(4)
Adjustment due to lease modification	-	519
Inventories written down	472	-
Allowance for slow moving and obsolete inventories	2,045	233
Reversal of allowance for slow moving and obsolete inventories	(1,651)	-
(Reversal of)/Impairment loss on property, plant and equipment	(184)	184
Impairment loss on trade receivables	3,912	1,260
Unrealised loss/(gain) on foreign exchange	462	(160)
Bad debts written off	518	-
	6,568	2,376

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

	Group	
	2022	2021
	RM'000	RM'000
Property, plant and equipment	45,111	577
Right-of-use assets	3,864	429
Investment properties	2,693	-
	51,668	1,006

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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>2022</u>		
Malaysia	666,060	161,361
Singapore	382,917	2,699
Asia-Pacific economic cooperation countries	56,165	-
Other countries	11,344	-
	<u>1,116,486</u>	<u>164,060</u>
<u>2021</u>		
Malaysia	466,070	126,947
Singapore	214,690	644
Asia-Pacific economic cooperation countries	69,713	-
Other countries	3,185	-
	<u>753,658</u>	<u>127,591</u>

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

	Group	
	2022 RM'000	2021 RM'000
Property, plant and equipment	114,135	82,099
Right-of-use assets	3,139	1,614
Investment properties	46,786	43,878
	<u>164,060</u>	<u>127,591</u>

(c) Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

37. CAPITAL MANAGEMENT

The 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 bank balances, and equity of the Group comprising issued capital, reserves, retained earnings and non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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37. CAPITAL MANAGEMENT *cont'd*

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 2022, the Group's strategy was to maintain the debt-to-equity ratio of not exceeding 2.5:1.0.

	Group	
	2022	2021
	RM'000	RM'000
Total borrowings	441,191	293,218
Less: Cash and cash equivalents	(44,564)	(31,483)
Net debts	396,627	261,735
Total equity	411,267	278,622
Debt-to-equity ratio	1.0:1.0	0.9:1.0

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE

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

The World Health Organisation declared the COVID-19 outbreak as a pandemic on 11 March 2020. The Government of Malaysia imposed a Movement Control Order ("MCO") on 18 March 2020 and subsequently imposed various phases of the MCO and total lockdowns with recovery phases.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements of the Group and of the Company for the financial year ended 31 March 2022. Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

(b) 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 transaction has been completed during the financial year.

(c) Private placement

On 15 October 2021, UOB Kay Hian Securities (M) Sdn Bhd announced on behalf of Board of Directors of the Company, that the Company proposed to undertake a private placement of up to 38,041,765 shares, representing not more than 10.0% of the total number of issued shares of the Company to third party investors in accordance to the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement"). On 3 November 2021, the Proposed Private Placement has been completed following the listing and quotation for 38,041,000 placement of shares on the main market of Bursa Securities.

PROPERTIES HELD BY AYS VENTURES BERHAD AND ITS SUBSIDIARIES

as at 31 March 2022

Location	Tenure	Description	Area	Existing Use	Approx. Age of Building (No. of Years)	Date of Acquisition	Date of Revaluation	Net Book Value As At 31-03-2022 (RM'000)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse and Office	25	1-Oct-09	31-Mar-18	23,788
Lot 3845, Batu 7, Jalan Kapar/KU 7, 41050 Klang, Selangor	Freehold	Industrial Land & Building	1.397 acres	Warehouse and Office	13	20-Dec-01	31-Mar-18	6,495
Lot 3846, Batu 7, Jalan Kapar/KU 15, 42200 Klang, Selangor	Freehold	Industrial Land & Building	3.556 acres	Factory and Office	21	13-Oct-92	31-Mar-18	18,058
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
Unit No. B-4-1, Level 4, Block B, BBK Condominium, Persiaran Bukit Raja 1, Bandar Baru Klang, 41150 Klang, Selangor	Leasehold (expiring on 09.05.2093)	Condominium	1,000 sq.ft.	Workers' Accommodation	22	26-Oct-95	31-Mar-22	200
HS (D) 165125, PT 84462, Mukim Kapar, Daerah Klang, Negeri Sembilan	Freehold	Industrial Land	23.510 acres	Vacant	-	16-Dec-20	-	44,732
Sub-Total (value of properties held as property, plant and equipment)								106,773
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	5	27-Nov-17	31-Mar-22	28,193
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	24	15-Feb-94	31-Mar-22	1,000
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-22	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	5	7-Jan-15	31-Mar-22	2,700
35, Jalan i-Park SAC 4, Taman Perindustrian i-Park SAC, 81400 Senai, Johor	Freehold	1½ storey detached factory	42,528 sq.ft.	Tenanted	4	20-Apr-17	31-Mar-22	8,000



PROPERTIES HELD BY AYS VENTURES BERHAD AND ITS SUBSIDIARIES

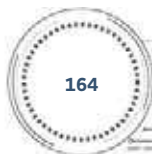
as at 31 March 2022

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 31-03-2022 (RM'000)
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-22	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	16	30-Dec-04	31-Mar-22	455
Unit No C-2-11, Block C, Skudaivilla, Jalan Aman, Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,216 sq.ft.	Vacant	18	14-Jun-02	31-Mar-22	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	27	21-Jun-14	31-Mar-22	700
Unit No. C-3-14, Block C, Rumah Pangsa Taman Semarak II, 71800 Nilai, Negeri Sembilan	Freehold	Low cost flat	721 sq.ft.	Vacant	24	21-Dec-04	31-Mar-22	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	14	21-Feb-00	31-Mar-22	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	22	17-Apr-03	31-Mar-22	90
C-3A-07, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	12	1-Jan-20	31-Mar-22	345
C-3A-08, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	12	1-Jan-20	31-Mar-22	345
C-3A-09, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	12	1-Jan-20	31-Mar-22	345

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STATISTICAL REPORT

as at 31 May 2022

ANALYSIS BY SIZE OF SHAREHOLDINGS

Issued capital : RM219,119,988.00 comprising 418,458,656 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	302	6.21	15,006	0.00
100 – 1,000	1,094	22.49	472,454	0.11
1,001 – 10,000	1,891	38.88	11,075,823	2.65
10,001 – 100,000	1,342	27.59	45,231,362	10.81
100,001 – less than 5% of issued shares	233	4.79	96,956,651	23.17
5% and above of issued shares	2	0.04	264,707,360	63.26
Total	4,864	100.00	418,458,656	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 31 MAY 2022

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tuan Haji Mohd. Sharif Bin Haji Yusof	-	-	-	-
Oh Chiew Ho	-	-	264,707,360*	63.26
Oh Yung Sim	-	-	-	-
Oh Pooi Foon	-	-	-	-
Seow Nyoke Yoong	-	-	-	-
Mohamad Fazlin Bin Mohamad	-	-	-	-
Dato' Wan Hashim Bin Wan Jusoh	-	-	-	-
Toh Tuan Sun	100,000	0.02	-	-

* 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 31 MAY 2022

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 2022 on page 86 of this Annual Report.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2022

Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Oh Chiew Ho	-	-	264,707,360*	63.26
Chiew Ho Holding Sdn Bhd (CHH)	239,663,123	57.27	-	-
Ann Yak Siong Group Sdn Bhd (AYSG)	25,044,237	5.98	-	-

* Deemed interest by virtue of his substantial shareholdings in CHH and AYSG under Section 8 of the Companies Act 2016.

STATISTICAL REPORT

as at 31 May 2022

CONT'D

THIRTY LARGEST SHAREHOLDERS AS AT 31 MAY 2022

No.	Name of Shareholders	No of Shares	%
1.	Chiew Ho Holding Sdn Bhd	239,663,123	57.27
2.	Ann Yak Siong Group Sdn Bhd	25,044,237	5.98
3.	Tan Chee Kuan	6,500,000	1.55
4.	Wong Wai Kuan	3,350,000	0.80
5.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Aik Hoe	2,300,000	0.55
6.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phung Jee Kiong @ Phung Jee Chiang	1,950,000	0.47
7.	See Siew Chiet	1,577,200	0.38
8.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Toh Hooi Hak	1,550,000	0.37
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hee Yau Sing	1,530,000	0.37
10.	Selvarajah A/L Nachiappan	1,450,600	0.35
11.	Yap Lim Sen	1,330,000	0.32
12.	Lim Hoe Seng	1,325,000	0.32
13.	Chong Fu Seong	1,300,000	0.31
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San	1,200,000	0.29
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kiam Lam	1,200,000	0.29
16.	Lim Kim Yew	1,200,000	0.29
17.	Tan Jian Jong	1,114,300	0.27
18.	Maybank Nominees (Tempatan) Sdn Bhd Mak Tin Wong	1,110,000	0.27
19.	GT-Max Resources Sdn Bhd	1,100,000	0.26
20.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Cheng Ping Liong	1,000,000	0.24
21.	Yeap Kim Siew	1,000,000	0.24
22.	Yee Leong Hun	985,400	0.24
23.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Wai Hon	980,000	0.23
24.	Tan Leong Kiat	950,000	0.23
25.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Aun Chuan	867,000	0.21
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Tze Aw	865,000	0.21
27.	Wong Yoon Seng	821,700	0.20
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Joo Liang	780,000	0.19
29.	Cha Wan Poh	769,000	0.18
30.	Tan You Hum	750,000	0.18

CORPORATE DIRECTORY

As At 20 June 2022



MALAYSIA

AYS Ventures Berhad

Registration No.: 201001041243 (925171-T)
Lot 6488, Jalan Haji Abdul Manan,
42100 Klang, Selangor Darul Ehsan, Malaysia.

☎ +603-33775597
☎ +603-33775500
🌐 www.ays-group.com
✉ enquiry_aysv@ays-group.com

AYS Marketing Sdn Bhd

Registration No.: 199301006036 (260773-T)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang,
Selangor Darul Ehsan, Malaysia.

☎ +603-33775597
☎ +603-33775401/02
✉ enquiry_aysm@ays-group.com

AYS (FZ) Sdn Bhd

Registration No.: 201401003939 (1080013-W)
P407-408 & part of 409, Jalan FZ1-P4,
Port Klang Free Trade Zone/KS12,
42920 Pulau Indah, Selangor Darul Ehsan, Malaysia.

☎ +603-33775597
☎ +603-33775500
✉ enquiry_aysfz@ays-group.com

AYS Metal Products & Engineering Sdn Bhd

Registration No.: 199401033548 (319231-U)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang,
Selangor Darul Ehsan, Malaysia.

☎ +603-33775597
☎ +603-33775500

Ann Yak Siong Hardware Sdn Bhd

Registration No.: 198201015190 (94954-K)
Lot 6488, Jalan Haji Abdul Manan,
42100 Klang, Selangor Darul Ehsan, Malaysia.

☎ +603-33775597
☎ +603-33775566/99
🌐 aysh@ays-group.com
✉ enquiry_aysh@ays-group.com

CH Yodoform Sdn Bhd

Registration No.: 199601005753 (378099-V)
Lot 3846, 7½th Mile, Jalan Kapar, 42200 Klang,
Selangor Darul Ehsan, Malaysia.

☎ +603-32910001
☎ +603-32918800
✉ enquiry_chy@ays-group.com

AOK Engineering Services Sdn Bhd

Registration No.: 201501041952 (1167273-P)
601, Uptown 2, Jalan SS 21/37,
Damansara Utama, 47400 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

☎ +603-77314306
✉ enquiry_aok@ays-group.com



SINGAPORE

Steelar Pte Ltd

Registration No.: 201100616M
3, International Business Park,
#03-13 Nordic European Centre,
Singapore 609927.

☎ +65 65925945
☎ +65 65620179
🌐 www.steelaris.com
✉ enquiry@steelaris.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (“11th AGM”) of the Company will be held on a fully virtual through online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. via TIH Online website at <https://tiah.online> on Tuesday, 19 July 2022 at 9.30 a.m. to transact the following business:

AGENDA

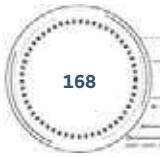
ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2022. **Resolution 1**
3. To re-elect the following Directors who are retiring in accordance with Article 112 of the Company’s Constitution:
 - (i) Oh Chiew Ho **Resolution 2**
 - (ii) Oh Yung Sim **Resolution 3**
4. To approve the payment of Directors’ fees not exceeding RM600,000.00 for the period from August 2022 till July 2023. **Resolution 4**
5. To approve the payment of meeting attendance allowance of RM1,000.00 per meeting for each Independent Director from August 2022 till July 2023. **Resolution 5**
6. 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:

7. **Continuation in office as Independent Non-Executive Director** **Resolution 7**
 “THAT approval be and is hereby given to Haji Mohd. Sharif Bin Haji Yusof who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue in office as an Independent Non-Executive Director of the Company until 31 May 2023.”
8. **Continuation in office as Independent Non-Executive Director** **Resolution 8**
 “THAT approval be and is hereby given to Seow Nyoke Yoong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue in office as an Independent Non-Executive Director of the Company until 31 May 2023.”
9. **Continuation in office as Independent Non-Executive Director** **Resolution 9**
 “THAT approval be and is hereby given to Mohamad Fazlin Bin Mohamad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue in office as an Independent Non-Executive Director of the Company until 31 May 2023.”



NOTICE OF ANNUAL GENERAL MEETING

CONT'D

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

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

11. **Proposed Authority for the Company to purchase its own shares of up to 10% of the Issued and Paid-Up Share Capital ("Proposed Share Buy-Back")** **Resolution 11**

"THAT subject to the provisions under the Companies Act 2016 ("Act"), the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all prevailing laws, rules, regulations, orders and guidelines as well as the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("AYS Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of AYS Shares purchased pursuant to this resolution or held as treasury shares does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of purchase;

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the Company's retained profits account;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders and guideline and requirements issued by any relevant authorities for the time being in force to deal with any AYS Shares so prescribed by the Company in the following manner:-

- (i) to cancel the AYS Shares so purchased;
- (ii) to retain the AYS Shares so purchased as treasury shares for distribution as share dividends to the shareholders of AYS and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently;
- (iii) to transfer as share award or share consideration; or
- (iv) combination of (i), (ii) and (iii) above;

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

THAT the authority conferred by this resolution will be effective immediately from the passing of this Ordinary Resolution until:-

- (i) the conclusion of the Company's next Annual General Meeting following the general meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution;
- (ii) the passing of the date on which the Company's next Annual General Meeting is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution that the shareholders pass in general meeting;

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the aforesaid Proposed Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by the relevant authorities."

By Order of the Board

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

Klang
20 June 2022

Important Notice on Remote Participation and Voting:

1. The 11th AGM will be conducted through live streaming and online voting using Remote Participation and Voting ("RPV") facilities which are available on Tricor's TIH Online website at <https://tjih.online>. Please refer to Administrative Guide for the 11th AGM in order to register, participate and vote remotely via the RPV facilities.
2. A fully virtual general meeting is conducted online where all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate in the meeting online.
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 11th AGM in order to register, participate and vote remotely.

Proxy and/or Authorised Representative:

1. A member entitled to attend and vote at the 11th 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.



NOTICE OF ANNUAL GENERAL MEETING

CONT'D

4. A member who has appointed a proxy or attorney or authorised representative to participate 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 11th 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, Malaysia 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 11th 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 13 July 2022 shall be regarded as member of the Company entitled to attend the 11th AGM or appoint a proxy to attend and vote on his behalf.

NOTES ON RESOLUTIONS NO. 2 & 3

For the purpose of determining the eligibility of the Directors to stand for re-election at the Eleventh Annual General Meeting, the Board through its Nomination Committee had assessed Mr Oh Chiew Ho and Mr Oh Yung Sim (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 their judgement on matters brought for Board discussion and they have always acted in the best interest of the Company as a whole.

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

NOTES ON SPECIAL BUSINESS

- (i) Resolutions No. 7 to 9

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

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

- 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 to 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 31 May 2023.

(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 1 September 2021 ("2021 Mandate"). The Company had utilised the 2021 Mandate and raised proceeds of RM28.9 million from the allotment of 38,041,000 new ordinary shares of the Company at an issue price of RM0.76 each on 2 November 2021. The proceeds were fully utilised by January 2022 as follows:-

	RM (million)
Working Capital	12.7
Repayment of bank borrowings	15.6
Listing expenses	0.6

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.

(iii) Resolution No. 11

Please refer to the Statement of Share Buy-Back enclosed dated 20 June 2022.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Final Single Tier Dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2022, if approved at the Eleventh Annual General Meeting, will be paid on 17 October 2022 to Depositors registered in the Record of Depositors at the close of business on 21 September 2022.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 21 September 2022 in respect of transfer; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**AYS VENTURES BERHAD**Registration No. 201001041243 (925171-T)
(Incorporated in Malaysia)**PROXY FORM**

*I/*We

of being a

member/members of **AYS VENTURES BERHAD** hereby appoint

..... of

..... and (if more than one (1) proxy

or *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Eleventh Annual General Meeting ("11th AGM") of the Company to be held on a fully virtual through online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online website at <https://tiah.online> on Tuesday, 19 July 2022 at 9.30 a.m. at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

	Resolution	For*	Against*
Approval for the payment of a final single tier dividend of 1.0 sen per ordinary share	1		
Re-election of Oh Chiew Ho as Director	2		
Re-election of Oh Yung Sim 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		
Approval of the proposed Authority for the Company to purchase its own shares of up to 10% of the Issued and Paid-Up Share Capital	11		

*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 2022

NUMBER OF SHARES HELD

[Signature/Common Seal of Shareholder(s)]

[*Delete if not applicable]

Important Notice

Members/Proxy(ies) are to attend, participate (including posting questions to the Board) and vote remotely at the 11th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiah.online>.

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Proxy Notes

1. A member entitled to attend and vote at the 11th 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 11th 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, Malaysia 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.

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Affix
Stamp

AYS VENTURES BERHAD

Registration 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
Malaysia

1st fold here

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 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 13 July 2022 shall be regarded as member of the Company entitled to attend the 11th AGM or appoint a proxy to attend and vote on his behalf.