



AYS VENTURES BERHAD

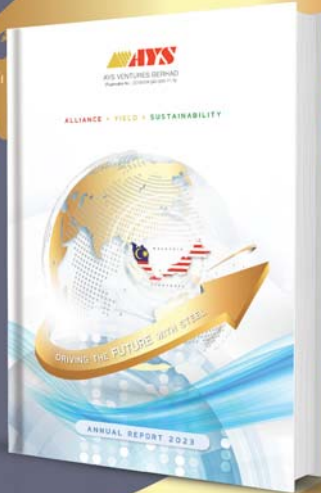
(Registration No. : 201001041243 (925171-T))

ALLIANCE • YIELD • SUSTAINABILITY



ANNUAL REPORT 2023

AT A GLANCE



DRIVING THE FUTURE WITH STEEL

AYS Ventures Berhad's ("AYS") Annual Report 2023 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.

12TH ANNUAL GENERAL MEETING



9.30 a.m.



Tuesday,
18th July 2023



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 the financial year 1 April 2022 to 31 March 2023 ("FYE 2023"), unless stated otherwise. The Annual Report 2023 describes the progress of our value creation strategies in both financial and non-financial contexts and highlights our efforts to create value for all our stakeholders. This Annual Report shall be read concurrently with our Corporate Governance Report 2023. Any other information can be obtained from our website at www.ays-group.com.

REPORTING FRAMEWORKS

In preparing AYS Annual Report 2023, we have been 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 Asia-Pacific ("APAC") 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 2023 represents AYS's consistent innovation and adaptation in making strategic decision to sustain our upward momentum in a dynamic business environment.

REDUCING THE ENVIRONMENTAL IMPACT OF THIS ANNUAL REPORT

For environment preservation, we encourage the use of softcopy. Please follow the steps below to scan the QR code in 3 easy steps to access our softcopy Annual Report and all other documents in relation to the 12th Annual General Meeting on our website:



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.

LET US HEAR FROM YOU

We are fully committed to listening to our stakeholders and we welcome all inquiries, comments and feedback on our Annual Report and any aspect of our performance. Please communicate with us through:

AYS's Investor Relations team:
enquiry_aysv@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 2023. In our opinion, the report presents a fair assessment of the Group's performance and addresses all key matters that are affecting the Group's ability to create value for the fiscal year under review.

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Proxy Form

VISION, MISSION AND CORE 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.



Practising good corporate social responsibilities.



Broadening our product range and value-added activities.



Rewarding all stakeholders equitably.

CORE VALUES

ALLIANCE

Creating an effective, strong and successful collaborations and joint ventures with various stakeholders to work towards common goals and objectives

YIELD

Continuously exploring quality and high yield investments by alliance with various stakeholders to generate sustainable positive returns to stakeholders

SUSTAINABILITY

Creating sustainable business model that is both financially sound and environmentally conscious while ensuring a balance between economic growth, environmental care and social well-being

CORPORATE INFORMATION

BOARD OF DIRECTORS

OH CHIEW HO

Executive Chairman

OH POOI FOON

*Group Managing Director/
Chief Executive Officer*

OH YUNG SIM

*Deputy Group Managing
Director*

SEOW NYOKE YOONG

*Non-Independent Non-Executive
Director*

DATO' WAN HASHIM BIN WAN JUSOH

*Independent Non-Executive
Director*

ABD MALIK BIN A RAHMAN

*Independent Non-Executive
Director*

AUDIT COMMITTEE

Abd Malik Bin A Rahman
*(Chairman) Independent
Non-Executive Director*

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

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

NOMINATION COMMITTEE

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

Abd Malik Bin A Rahman
*(Member) Independent
Non-Executive Director*

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

REMUNERATION COMMITTEE

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

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

Abd Malik Bin A Rahman
*(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
HL Bank
Malayan Banking Berhad
Maybank Islamic Berhad
Maybank Singapore Limited
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 : Industrial, Products
& Services
Sub-sector : Building Materials

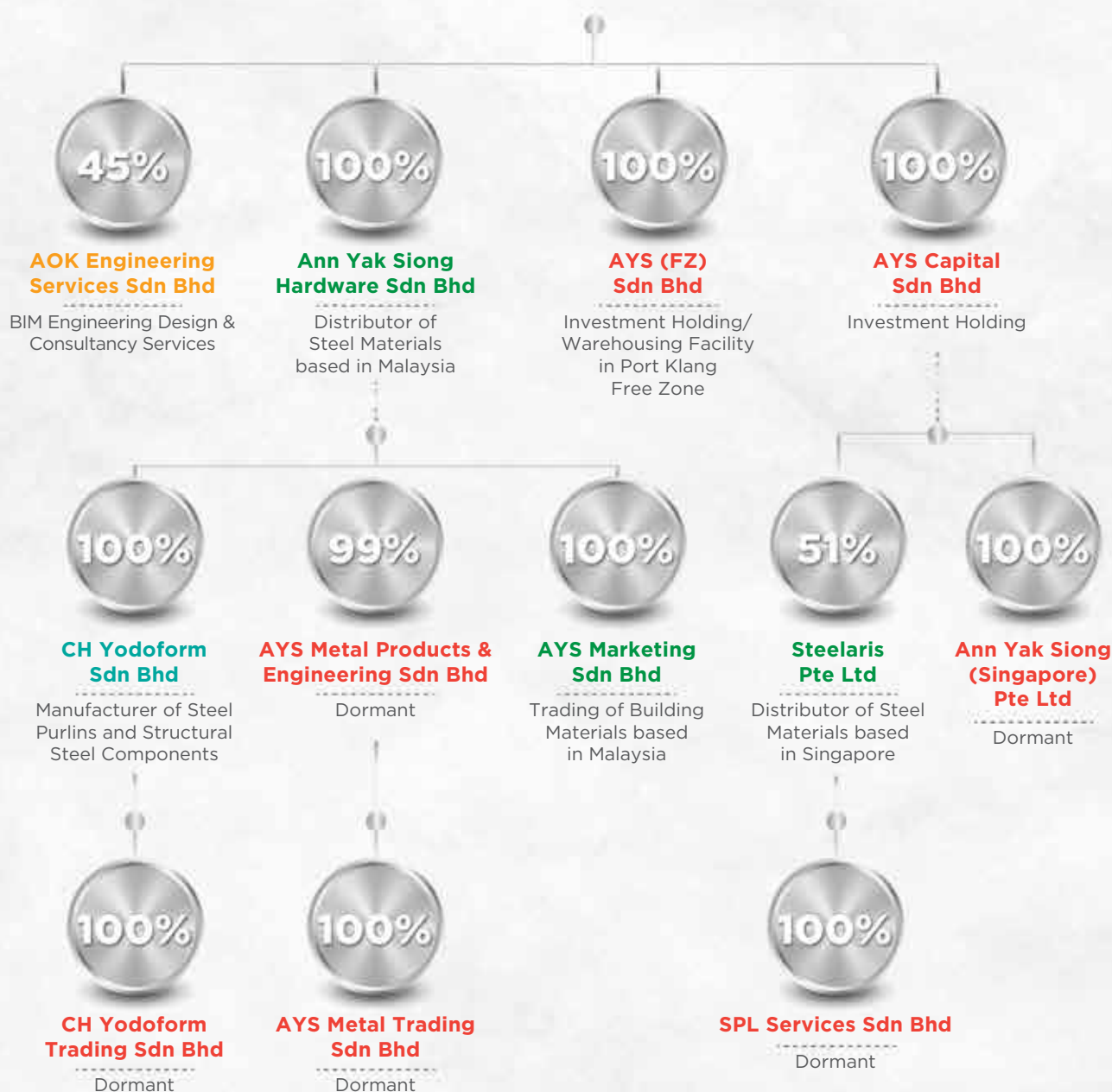
CORPORATE STRUCTURE



AYS VENTURES BERHAD

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

Investment Holding



TRADING & SERVICES DIVISION



ASSOCIATED COMPANY



MANUFACTURING DIVISION



OTHERS DIVISION

WHO WE ARE



REVENUE:

RM1,313.765 Million

in FYE 2023 vs. RM1,116.486 Million in FYE 2022



PROFIT AFTER TAX:

RM42.033 Million

in FYE 2023 vs. RM116.524 Million in FYE 2022



NET ASSETS PER SHARE:

RM1.06

in FYE 2023 vs. RM0.94 in FYE 2022

Over the last 40 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 throughout the APAC Region, Europe and Middle-East Region where we operate strategically in Malaysia and Singapore. 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 in APAC region, 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, building and construction materials predominantly in the APAC 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 a very strong supplier networks that provides reliable source of quality materials to suit the various demands of customers for different quality requirements.

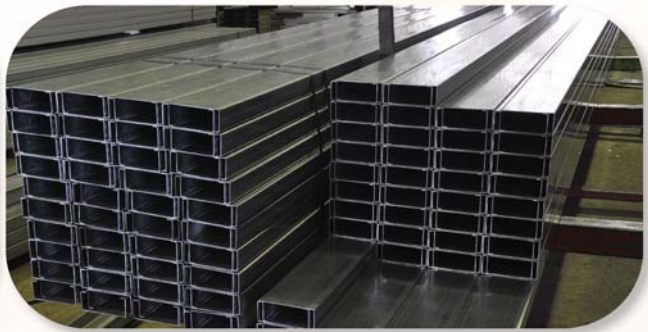
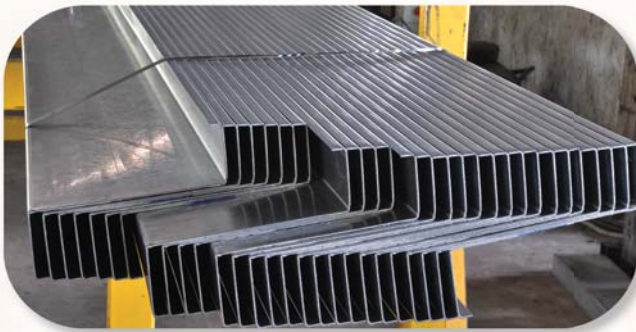


WHAT WE DO

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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 Modelling ("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 owns a 270,000 square feet warehouse in the Port Klang Free Zone ("PKFZ") which is currently being leased out.



OUR PRESENCE



	Malaysia	Singapore
Warehouses	5	2
Factory	1	-
Offices	3	1
Employees	232	52



Total storage capacity of approx. 142,500 metric tons



5.1 acres
Corporate HQ and Warehouse in Mukim Kapar, Klang



5.4 acres
of Warehouses and Regional Office in Singapore



2.2 acres
Warehouse in Bukit Raja, Klang



10.3 acres
of Factory and Warehouses in Mukim Kapar, Klang



OUR CERTIFICATIONS AND RECOGNITIONS

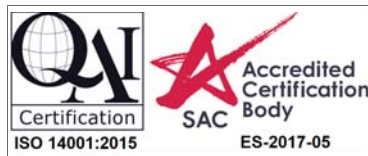
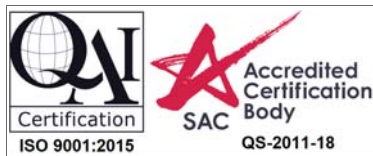
ANN YAK SIONG HARDWARE SDN BHD
AYS MARKETING SDN BHD
CH YODOFORM SDN BHD

✓ 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



We are a proud adopter of the Tripartite Standards.
An initiative that distinguishes Singapore's progressive employers.

OUR MILESTONES

1982	■ 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	■ 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	■ 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	■ 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	■ AYS Marketing Sdn Bhd (“AYSM”) was incorporated to venture into trading and marketing of building and construction materials.
1994	■ 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	■ 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	■ AYS Wire Products Sdn Bhd was incorporated and the business ventured into the manufacturing and trading of wire products.
2001	■ AYSH acquired a piece of 1.397 acres freehold industrial land at Jalan Kapar, Klang.
2003	■ AYSMPE was awarded the ISO 9001:2000 Quality Management System by Lloyd’s Register Quality Assurance.
2009	■ AYSH acquired a piece of 5.087 acres freehold industrial land at Jalan Haji Abdul Manan, Klang.
2010	■ 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	■ AYS Ventures Berhad was incorporated and listed on the Main Market of Bursa Malaysia, trading as AYS (5021).
2015	■ 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	■ AYSH, AYSM, AYSMPE & CHY obtained the certificate of: ✓ ISO 9001:2015 ✓ ISO 14001:2015 ✓ OHSAS 18001:2017
2019	■ AYS acquired a 51% stake in leading Singaporean steel distributor, Steelaris Pte. Ltd. (“SPL”) to further expand on the export business as a strategy of being the leading regional steel distributor.
2020	■ 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	■ SPL 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	■ AYS Group achieved its remarkable revenue of over RM1 billion. ■ AYSH, AYSM, CHY & SPL upgraded its facilities and obtained the ISO 45001:2018 certification.
2023	■ AYS Group’s revenue marked its second consecutive year of above RM1 billion. ■ Ann Yak Siong (Singapore) Pte. Ltd. was incorporated. ■ Embarked on renewable energy with installation of 125kWp solar photovoltaic system at Corporate HQ.

OUR BOARD AT A GLANCE

COMPOSITION

Executive Director

3

Non-Independent Non-Executive Director

1

Independent Non-Executive Director

2

GENDER DIVERSITY

2

4

Female

2

Male

4

PROFILE OF DIRECTORS



OH CHIEW HO

Executive Chairman

**Malaysian
Aged 77, Male**



OH POOI FOON

**Group Managing Director/
Chief Executive Officer**

**Malaysian
Aged 43, Female**

Date of Appointment: 14 December 2010
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 AYS Group besides overseeing the overall operations of Ann Yak Siong Hardware Sdn Bhd ("AYSH") since its inception. In 1964, at the age of 19, he joined Hiap Bee Hardware Sdn Bhd as a general helper in the warehouse/store department until 1978, where he moved over to Choo Bee Hardware (KL) Sdn Bhd and was in charge of storekeeping, sales and procurement. With his hard work and dedication, he mastered the trade and built-up good rapport with key customers and suppliers.

In 1982, Mr. Oh co-founded AYSH, started his business in supplying steel and hardware products. In 1993, due to the high demand for construction materials following the economic boom, he incorporated AYS Marketing Sdn Bhd to venture into trading and marketing of building and construction materials. In 1994, he incorporated AYS Metal Products & Engineering Sdn Bhd to manufacture panels and components for sectional tanks. In 1996, he set up CH Yodoform Sdn Bhd to manufacture purlins, steel frames for doors and window. He later established AYS Wire Products Sdn Bhd in 1997 to venture into the business of manufacturing and trading of wire products and expanded its business in 1998 to include wire drawing, straightening, bending and cutting of wire rods and manufacturing of wire mesh products in 2001. Under the leadership of Mr Oh Chiew Ho, AYS 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 AYS Ventures Berhad on 17 November 2011. In line with the succession plan, he was later re-designated to Senior Group Managing Director on 2 June 2020 and Executive Chairman on 1 June 2023.

Mr. Oh Chiew Ho's shareholdings in the Company and its related companies is disclosed on page 170 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.

Date of Appointment: 1 December 2012
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 Managing Director and in 2020, she was promoted to Group Managing Director. She continued to support to the Senior Group Managing Director and her role was 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. In 2023, she was redesignated to the position of Group Managing Director/Chief Executive Officer and assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Group and drives the Group's businesses and performance towards achieving the Group's vision and goals.

Ms. Oh Pooi Foon's shareholdings in the Company and its related companies is disclosed on page 170 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.

PROFILE OF DIRECTORS

CONT'D



OH YUNG SIM

**Deputy Group
Managing Director**

**Malaysian
Aged 49, Male**



**SEOW NYOKE
YOONG**

**Non-Independent
Non-Executive
Director**

**Malaysian
Aged 62, Female**

Date of Appointment: 14 December 2010

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 as Deputy Managing Director and in 2020, he was promoted to Deputy Group Managing Director. Currently, his vital role remains to provide support to the Group Managing Director/Chief Executive Officer 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 170 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.

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 2013. Ms. Seow was appointed as the Independent Non-Executive Director of AYS Ventures Berhad on 17 November 2011 and redesignated as Non-Independent Non-Executive Director on 1 June 2023. She is currently the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committee. She is also 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



**DATO' WAN
HASHIM BIN
WAN JUSOH**

Independent Non-Executive Director

**Malaysian
Aged 66, Male**



**ABD MALIK BIN
A RAHMAN**

Independent Non-Executive Director

**Malaysian
Aged 75, Male**

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 the Chairman of the Nomination Committee and a member of the Audit and Remuneration Committee. He is also the Independent Chairman of UWC Berhad and an Independent Non-Executive Director of ILB Group Berhad (formerly known as Integrated Logistics Bhd).

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

Dato' Wan Hashim 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.

Date of Appointment: 21 July 2022

Board Meetings Attended: 3/3

Profile:

Encik Abd Malik Bin A Rahman was appointed as the Independent Non-Executive Director of AYS Ventures Berhad on 21 July 2022. He is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

He is a Chartered Accountant member of the Malaysian Institute of Accountants (MIA), a Fellow of the Association of Chartered Certified Accountants (UK) (ACCA), and a member of the Malaysian Institute of Certified Public Accountants (MICPA). Encik Abd Malik is also a member of the Malaysian Institute of Management (MIM) and a Fellow of the Institute of Corporate Directors Malaysia (ICDM).

He has held senior management positions in several companies in various industries during his working career including Oil & Gas, Manufacturing, Fast Moving Consumer Goods (FMCG), Multi-Level Marketing (MLM) and Port Logistics. Encik Abd Malik was formerly the Chairman of Affin Hwang Investment Bank Berhad, and formerly an Independent Director of Affin Bank Berhad, Affin Hwang Asset Management Berhad, Boustead Heavy Industries Corporation Berhad, Innity Corporation Berhad and Lee Swee Kiat Group Berhad.

Encik Abd Malik is currently the Chairman and Senior Independent Non-Executive Director of Amway (Malaysia) Holdings Berhad and an Independent Director of Mah Sing Group Berhad and CYL Corporation Berhad. He also sits on the board of a private limited company.

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

PROFILE OF KEY SENIOR MANAGEMENT

Oh Yung Wooi

Executive Director

Ann Yak Siong
Hardware Sdn Bhd

Nationality: Malaysia
Age / Gender: 48 / 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: 45 / 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: 64 / 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 operation of AOK Engineering Services Sdn Bhd and business development on Group's value added services and project management.

PROFILE OF KEY SENIOR MANAGEMENT

CONT'D

Ang Tee Seng

Managing Director

Steelaris Pte Ltd ("SPL")

Nationality: Malaysia

Age / Gender: 48 / 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 SPL that is 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: 57 / Female

Date of Appointment:

1 June 2017

Profile:

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



OH POOI FOON
Group Managing Director/
Chief Executive Officer



“

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report 2023 for AYS Ventures Berhad for the financial year ended 31 March 2023. The Group is grateful that despite having to operate under increasingly volatile macroeconomic and challenging business environments, we have managed to achieve a Net Profit of Ringgit Malaysia (“RM” or “MYR”) 42.033 million for FYE 2023. This is a true testament to the hard work and dedication of the management team and staff of AYS, and the collective commitment to our stakeholders.

”

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

STRATEGIC REVIEW

OPERATING ENVIRONMENT & OUTLOOK

Financial Year ("FY") 2023

We began FY 2023 with cautiously optimism as the year 2022, we saw most countries worldwide reopened their borders and transitioning into endemic phase of the COVID-19 pandemic. Unfortunately, global economy activity experienced a sharper-than-expected slowdown, with geopolitical conflicts remain the top-cited risk while inflation continues to be global threat and reaches its highest levels in decades. The tightening of financial conditions, weakening investment globally, and the re-emergence of supply chain disruptions all weighted heavily on global growth. The International Monetary Fund has projected that the global gross domestic product ("GDP") will slowdown in 2023 with global inflation remains elevated and forecasted at 7 per cent in 2023.

Malaysia

Despite the sharper-than-expected slowdown in global economy, COVID-19 related disruptions in China, supply chain bottlenecks, and tighter monetary policy across the world, the Malaysia's economy has recovered well from the slumped economy caused by the COVID-19 pandemic in the past 3 years. In line with the tightening of monetary policy of central banks of advanced economies, Bank Negara Malaysia ("BNM") had appropriately responded by hiking the Overnight Policy Rate ("OPR") by a cumulative of 100 basis point to 2.75 per cent as at end of FY 2023 in order to respond to escalating inflationary pressure attributed to pent-up demand and supply disruption happening in Malaysia. From the latest economic data released by BNM, indicated a strong recovery, with GDP growth hitting 5.0 per cent in Q1 2022, 8.9 per cent in Q2 2022, 14.2 per cent in Q3 2022 and 7.0 per cent in Q4 2022, with overall increase of 8.7 per cent in 2022 (Source: Department of Statistics Malaysia) that backed by domestic private spending, continued flow of capital investments into both private and public sections are the main factors that drive Malaysia's economic growth.

Singapore

For the whole of 2022, the Singapore economy grew by 3.6 per cent, tad below the earlier estimate and down from 7.6 per cent growth registered in 2021. The most notable industry that posted growth of 6.7 per cent, the highest growth rate among all industries is the construction sector which supported by both public and private sector construction works.

As the growth momentum slow coupled with Monetary Authority of Singapore's monetary policy tightening, core inflation in Singapore was under control averaged 4.1 per cent for full-year 2022, higher than the 0.9 per cent recorded in 2021.

Foreign Currency

Since the beginning of 2022, United States' ("US") Federal Reserve has raised its interest rate policy aggressively by a total of 475 basis point to a level of 5.00 per cent to address high inflation that is happening in the US. This has resulted in increased foreign investors' net savings and strong demand in US assets, which have led to US Dollar appreciation. The sharp rise in US interest rate poses a significant threat to majority of the global currencies, especially the emerging and developing countries.



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

USD to MYR

In 2022, the MYR has been in the doldrums and experienced a period of sustained depreciation against US Dollar ("USD"). The MYR fell to a lowest level since the Asian Financial Crisis 1997-1998, traded at MYR4.7465 against the USD on 4 November 2022. The large movement in currency exchange rate will impact our businesses, households, economic growth and capital flows.



USD to SGD

The Singapore Dollar ("SGD") has remained resilient against the buoyant USD compared with its regional peers. Although SGD has slightly depreciated against the USD in 2022, SGD are still relatively the safe haven currency in Southeast Asian. It was supported by the strong economic fundamentals and the central bank monetary policy.

Post-pandemic, AYS continues to remain resilient as a Group. 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.

On the whole, AYS Group has performed well in FY 2023 by adapting to the challenging operating environment, executing our strategies and delivering another set of strong results with decent dividends for our Shareholders. We are pleased to report that AYS Group's revenue has achieved another breakthrough record of RM1.3 billion in the FYE 2023 in spite of a difficult macroeconomic environment.

Outlook

At the global level, positive economic growth was reported at 3.2 per cent in 2022, underpinned by the recovery in economies across the world but tempered by various headwinds. As for 2023, the World Bank expects global GDP growth to slow to 1.7 per cent in 2023 and 2.7 per cent in 2024 in the face of fragile economic conditions of elevated inflation, higher interest rates and rising geopolitical conflicts.

On domestic front, the World Bank forecasted the GDP growth in Malaysia to be at 4 per cent in 2023, supported by domestic demand amid an expected slowdown in external demand. This is echoed by BNM, which expects Malaysian economy to expand at a more moderate pace while private consumption growth is forecast to remain robust amid a challenging external environment marked by weaker-than-expected global growth, further escalation of geopolitical conflicts would threaten macro-financial stability. On the other hand, Singapore government has maintained its GDP growth forecast for 2023 at 0.5 to 2.55 per cent after taking into account the less than initially estimated fourth quarter growth rate in 2022, the global and domestic economic environment, and barring the materialisation of downside risks in the global economy.

FY 2023 marked the first full financial year where the Covid-19 related restrictions on industrial sectors and businesses were lifted. Malaysia commenced its transition to the endemic phase and reopened its borders in April 2022, reflecting signs of recovery in the economic growth posted at both global and domestic level in year 2022. However, the market continued to face challenges arising from inflation, interest rate hikes, labour shortages, geopolitical conflicts and overall economic uncertainty.

Moving into FY 2024, Malaysia is expected to have an improved outlook with supportive government initiatives amid looming global uncertainties. 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, remain focused on the long term to strive to excel in providing quality products, services and solutions that deliver value growth for our stakeholders and to generate sustainable positive results that support healthy long-term growth for our shareholders, investors and stakeholders.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

The Steel Industry



The Steel industry is like oil and gas which occupies a place as one of the most important materials in modern life. Steel is a key component in sectors such as construction, transportation, aviation, automotive, infrastructure, electronics, and energy as well as instrumental in renewable energy, and does not have easy substitutes. The Steel industry is also often considered as an indicator of economic progress, because of the critical role played by steel in infrastructural and overall economic development.

The Steel industry generates significant greenhouse gas emissions and regrettably, is the largest single industrial global emitter after cement and power generation sector although steel is one of the world's most recycled materials. Decarbonization of the steel industry is thus vital to meet climate change mitigation targets and achieve a sustainable future for the industry. Hence, many countries have committed to move to a net zero-carbon emissions by 2050.



With this development in regulations and commitment by government of major economies, it led to many steelmakers to set high decarbonization goals to produce more environmentally friendly steel ("Green Steel") in coming years. While the next decade will likely see carbon-capture process modifications and efficiencies introduced, getting all the way to net zero would require huge investment, and potentially an overhaul of the steelmaking process.

However, Green Steel on a commercial scale is still decades away in Asia as it is not commercially viable for coal-fired blast furnace steel plants converting to hydrogen-enabled facilities due to high cost of investment and acceptability of green premium by consumers in emerging market.



Construction Activity in Malaysia



Construction Activity in Singapore

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Outlook

In year 2022, a recovery momentum for steel demand after the pandemic has deteriorated sharply, contributed by high energy costs, high inflation, supply chain disruption, increasing interest rate, the war between Russia and Ukraine, and the lockdowns in China.

Looking forward, the World Steel Association forecasts that steel demand will see a 2.3 per cent rebound to reach 1,822.3 metric tons in 2023 and grow another 1.7 per cent to reach 1,854.0 metric tons in 2024 (source: Shortage Range Outlook April 2023).

The steel demand reflected in the forecasted global GDP growth which is expected to decelerate to around 2.2 per cent. At the same time, the world crude steel production is also expected to decrease due to steel production in Ukraine has been completely collapsed due to war and the soaring energy prices in Europe that lead to production stoppages.

Looking at China, Chinese steel demand contracted in both 2021 and 2022 as the Chinese economy decelerated due to unexpected lockdowns that extended across the country. However, steel demand in China is expected to grow by 2 per cent in 2023 and stay flat in 2024.

Looking at our continent, ASEAN, set to benefit from the revival of tourism from China boarder re-opening and resumption of delay construction projects have put the region's steel demand back on its normal growth track. ASEAN steel demand is expected to increase by 6.2 per cent in 2023 and 5.7 per cent in 2024.

In February 2023, the Government of Malaysia has announced its largest budget in the country's history, totalling RM388 billion and has allocated RM97 billion for development expenditure. The Government is committed to effectively implement the 12th Malaysia Plan, 2021-2025, with a number of major public sector projects for transportation 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. Furthermore, Malaysia is targeting a 20 per cent growth in private investment in 2023 from foreign direct investment ("FDI") and domestic direct investment ("DDI") in Malaysia's electrical and electronics sectors, information and communication sectors, electrical vehicle sector and etc. Among the investments from FDI and DDI will be on data centres, telecommunication towers, fibre-optic networks and renewable energy.

On the other hand, Singapore's construction and civil engineering demand are expected to remain firmed for 2023. The Building and Construction Authority expects the total construction demand in 2023 to reach between SGD27 billion and SGD32 billion, similar to the 2022 level, supported by residential and infrastructure projects in both public and private sectors such as a continued strong pipeline of construction of public housing, industrial and institutional building, water treatment plants, educational buildings, healthcare facilities, MRT line and other infrastructure works that could lead to higher demand for steel.

Moving forward, AYS remains cautiously optimistic on the outlook for FYE 2024 and remains committed to further strengthen our position as a leading steel distributor in Malaysia and ASEAN region. Our Group's direction for FYE 2024 is to uncover new opportunities where we can embed Environmental, Social and Governance ("ESG") considerations into our strategies and decision making to contribute to a more sustainable future and deliver greater value to our stakeholders.

VALUE CREATION MODEL

AYS is committed to building sustainable long-term businesses, while continuously creating positive value for our stakeholders through operational, financial, social, environmental and reputational resilience. The illustration below determining how we create value.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Capital Resources Inputs

Manufactured Capital

- Approximately 23 acres of warehousing space with 142,500 metric tons of storage capacity.
- On-going warehouse rationalisation programme.

Intellectual Capital

- More than **40 years** of industry knowledge, experience & expertise.
- Our operation is supported by a fully customised mobility platform powered by SAP.

Natural Capital

- Majority of our products is world most recycled material
- Energy Consumption: 890,594kWh
- Water Consumption: 22,407m³



Financial Capital

- Total assets: RM1,101.583 million
- Total borrowings: RM437.143 million
- Shareholders' fund: RM443.419 million

Human Capital

- 284 total number of employees
- Numerous training programmes with a total of 420 training hours
- Empowered organisational culture

Social Capital

- Partnership with total of more than 300 suppliers domestically and internationally.
- Establishment of AYS Fans Club for CSR programmes

Business Model & Strategies



Regionalisation



Value-Added Businesses



STRATEGIC PRIORITIES



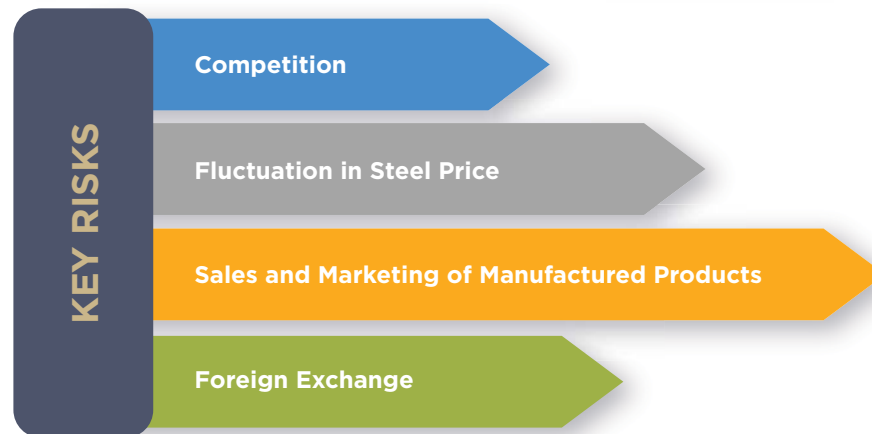
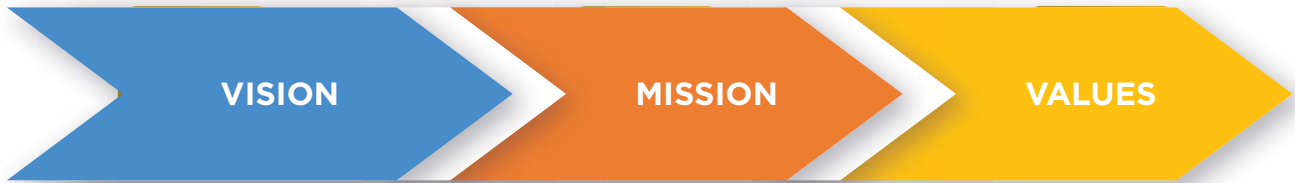
Operational Streamlining



Digitalisation & Innovation

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D



Value Created for AYS Group & Its Stakeholders



Economic

Revenue:
RM1,313.765 million

PBT:
RM54.634 million

Steel manufactured
products:
21,343 metric tons

Earning per Share:
9.59 sen

Dividend per Share:
1.0 sen per share



Social

Total Employees
Compensation:
RM44.333 million

Diverse gender
representation:

- 33% female in Board
- 40% total female employees

Customer
Satisfaction Rate:
86%

New Hires:
73 employees



Governance

Bribery & Corruption
case:
Zero

Independences of
Board:
33% consist of
Independence
Directors

Risk Management:
Reports to Board
bi-annually

Occupational Health
& Safety complaint:
Zero



Environmental

50 number of trees
planted

28 bags of scattered
trash collected from
beach cleaning

28 pints of blood
donated

54,540 kWp of
renewable energy
generated

* For further information, please refer to our Sustainability Statement 2023

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

STAKEHOLDERS ENGAGEMENT




AYS practises a holistic and consistent stakeholder engagement with internal and external stakeholders that have a stake or an influence in our daily business activities and long-term business planning. We believe open and transparent communication is key in building and maintaining good rapport to understand various stakeholders' views and values. We always emphasise the important of valuable inputs from our stakeholders when developing our strategies, setting management decisions and arranging 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 understand and appreciate the critical role of each stakeholder and we have identified six main stakeholder groups, namely investors, employees, customers, suppliers, vendors & bankers, regulatory agencies & statutory bodies and local communities, and our engagement approach is as follow:




MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

STAKEHOLDERS	ENGAGEMENT PLATFORMS	INTERESTS & CONCERNS	FREQUENCY
 INVESTORS	<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 Group's business direction/strategy 	<ul style="list-style-type: none"> Quarterly Annually As required
<u>How AYS addresses</u> <ul style="list-style-type: none"> Disseminate complete, transparent and timely information to investors Disclosure in reports and announcements released to Bursa Malaysia On-demand response to inquiries and meeting requests 			
 EMPLOYEES	<ul style="list-style-type: none"> Training and engagement sessions on various topics Circulars/Emails Annual performance appraisal Other employee engagements activities (e.g. festive celebrations) 	<ul style="list-style-type: none"> Performance evaluation and management Staff remuneration, welfare and benefits Employee safety, health and well-being Employee development and job satisfaction 	<ul style="list-style-type: none"> Monthly Quarterly Annually As required
<u>How AYS addresses</u> <ul style="list-style-type: none"> Provide various training and development programmes Strengthen performance management framework to attract and retain talent Conduct 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 			
 CUSTOMERS	<ul style="list-style-type: none"> Meetings or discussions 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 Product innovation 	<ul style="list-style-type: none"> Annually As required
<u>How AYS addresses</u> <ul style="list-style-type: none"> Embrace an ongoing approach on digital transformation in order to evolve to remain relevant and improve the efficiency of business operations so as to deliver values to satisfy the needs of customers Proactively respond to our customers' needs and concerns through our customer feedback system IT security awareness trainings for all employees to ensure they understand their roles in protecting customers' 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"> Formal and informal briefings and meetings Day-to-day interactions, emails, phone calls Supplier evaluation and performance reviews Site visits Community and networking events 	<ul style="list-style-type: none"> Transparency of procurement practices/guidelines Sustainability in supply chain Fair competition and potential business opportunities Payment schedule Business ethics 	<ul style="list-style-type: none"> Annually As required


How AYS addresses

- Fair evaluation of vendor proposals
- Uphold responsible and ethical procurement practices
- Collaborate negotiation approach with vendors to ensure best value
- Promptness of payment
- Providing insight into our sustainable business progress and performance

 <p>REGULATORY AGENCIES AND STATUTORY BODIES</p>	<ul style="list-style-type: none"> Emails/letters to provide feedback, updates and queries Meetings, engagements and dialogues Government events and programmes 	<ul style="list-style-type: none"> Compliance with laws and regulations Good corporate governance Contribution to national sustainability goals Ethical and responsible business practices Effective internal control measures and risk management practices 	<ul style="list-style-type: none"> As required
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Our response

- 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
- Development and implementation of shared initiatives announced by Government

 <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, tree planting initiative and etc Health and safety measures and environmental impact on business operations 	<ul style="list-style-type: none"> Bi-weekly Annually As required
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Our response

- Participation in CSR programmes i.e. implement recycling program, organise blood donation campaign, participation in tree planting initiative, reduce paper waste, replace incandescent light bulbs with energy-saving LED bulbs
- Charity giving, donations 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

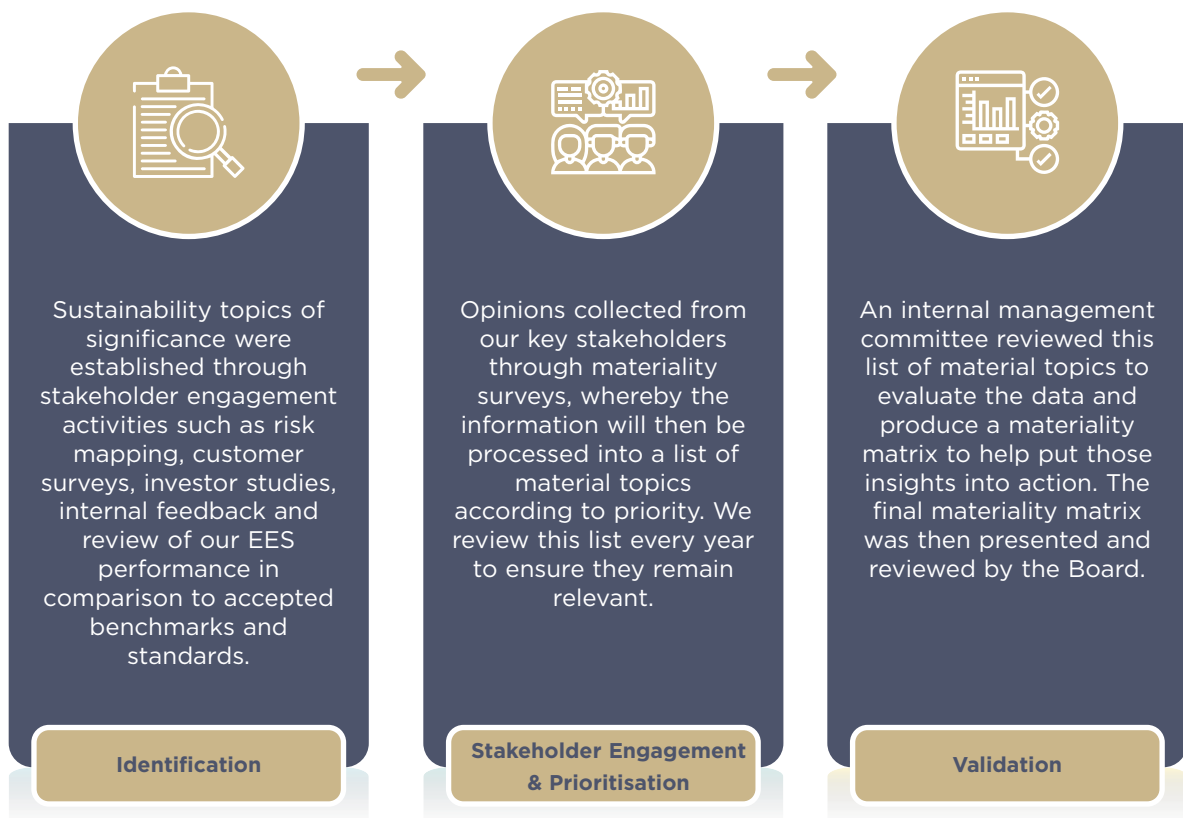
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MATERIAL MATTERS

The Group performed a materiality assessment during FYE 2023 to ensure that the material matters are relevant and will remain relevant until next materiality assessment. This will help in our approach in managing sustainability risks and opportunities posed to our businesses, and ensuring that we prioritise the issues that have the greatest impact to our business operations and the stakeholders while navigating growth.

Our Material Matters Identification Process

Our Material Matters Identification Process



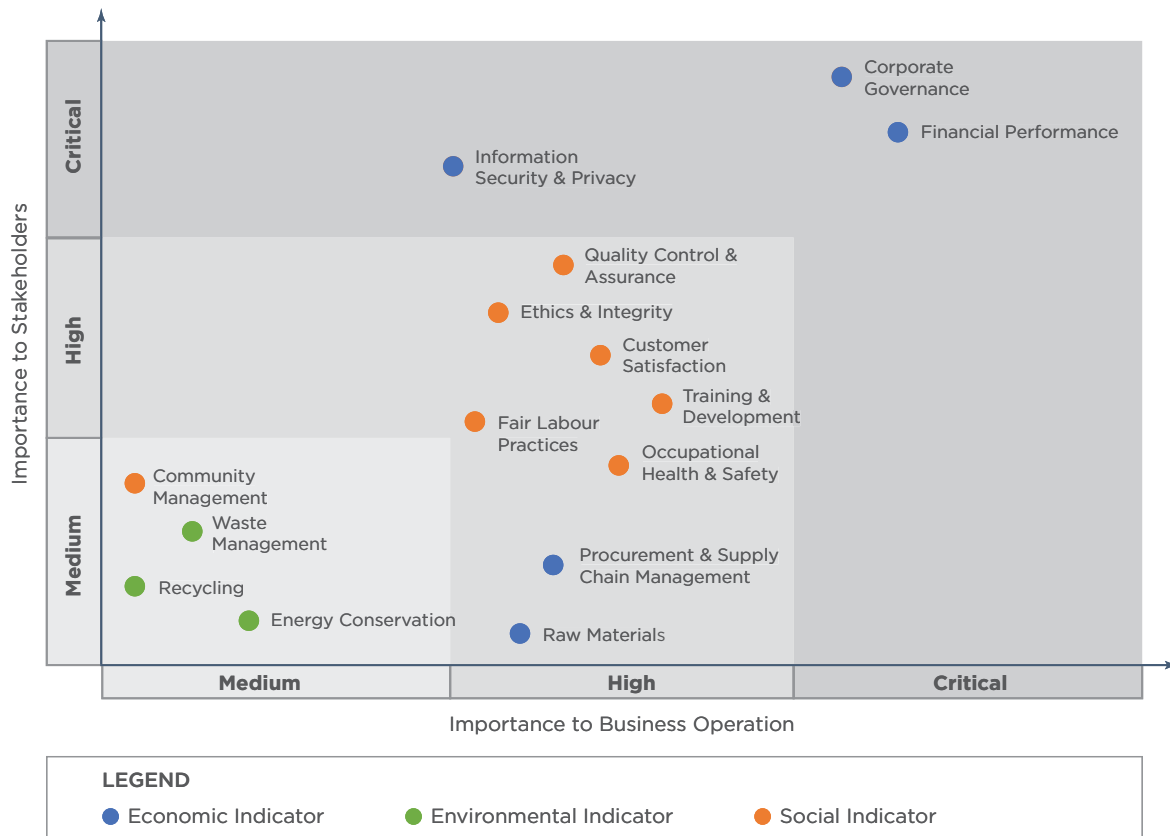
MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Material Matters for FYE 2023

The 15 material matters remain the same as previously-identified material matters except Employee Wellbeing which has been included in Fair Labour Practices, representing our economy, environment and social ("EES") risks and opportunities.

The following matrix presents the Group's material matters:



RISK AND MITIGATION STRATEGIES

AYS has a robust risk management framework in place, leads by Group Managing Director/Chief Executive Officer which reports to the Board on a bi-annual basis. AYS continuously assesses and identifies ESG-related risks in addition to other operational, financial and strategic risk as part of ongoing risk management process to ensure they do not escalate beyond our tolerance limits.

The Group has adopted four main risk response strategies in response to any identified risk. The 4 strategies are as follows:



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

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	We face intense competition in the market arising from local and international steel distributors as well as new entrances of players, expansion of competitors' networks and fare wars that 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 customers. We have an established and experienced team handling customer relationship function to service and maintain our relationship with our customers.	<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 and stay competitive.	<ul style="list-style-type: none"> - Raw Materials - Procurement and Supply Chain Management - Financial Performance - Corporate Governance
Sales & Marketing of Manufactured Product	<p>Inadequate or adverse sales volume of products may lead to idle time in the Manufacturing division.</p> <p>Manufacturing costs play an important part in the profitability and successful of a product.</p> <p>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>	<p>The Group has in place marketing strategies to increase sales team performance and customer service by constantly expanding market coverage.</p> <p>In addition, the Group reviews the pricing strategies from time to time to reflect current trend so that to attract customers and gain market share.</p> <p>In the meantime, the Group will introduce more products and value-added services to be offered to our customers.</p>	<ul style="list-style-type: none"> - Quality Control and Assurance - Financial Performance - Procurement and Supply Chain Management - Customer Satisfaction
Foreign Exchange ("Forex")	As one of the ASEAN leading steel distributors, we are exposed to foreign markets, hence we are exposed to foreign currency fluctuations on sales, purchases, cash and bank balances and borrowings denominated in foreign currencies.	<p>We have utilised currency forward contracts to hedge against foreign currency risk.</p> <p>We have also updated Forex policy which establishes parameters for the Group in governing the management of foreign currency exposures.</p> <p>Additionally, we regularly seek advice from bankers and use real-time forex platforms to make informed decisions.</p>	<ul style="list-style-type: none"> - Financial Performance - Raw Materials

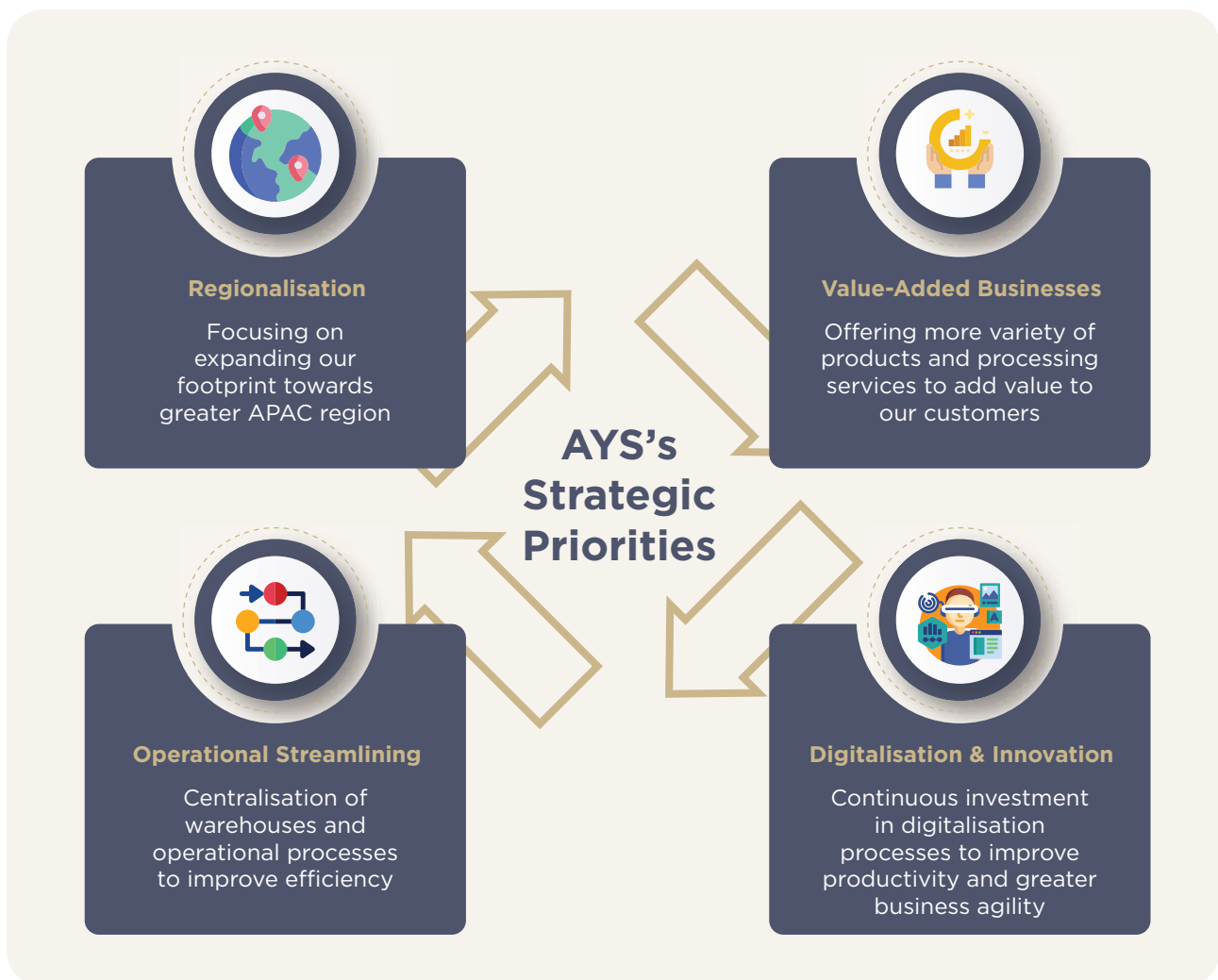
MANAGEMENT DISCUSSION & ANALYSIS

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:



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

PERFORMANCE REVIEW

Financial Review

Financial Highlights

GROUP REVENUE:

RM 1,313.765
million

FYE 2022: RM1,116.486 million



MARKET CAPITALISATION

RM 161.107 million

FYE 2022: RM230.152 million

GROUP PROFIT AFTER TAX

RM 42.033 million

FYE 2022: RM116.524 million



BASIC EARNINGS PER SHARE

RM 0.096

FYE 2022: RM0.256

GROUP PROFIT BEFORE INTEREST AND TAX

RM 74.400 million

FYE 2022: RM155.739 million



NET ASSETS PER SHARE:

RM 1.06

FYE 2022: RM0.94

RETURN ON TOTAL ASSETS

3.82%

FYE 2022: 10.65%



DEBT EQUITY RATIO

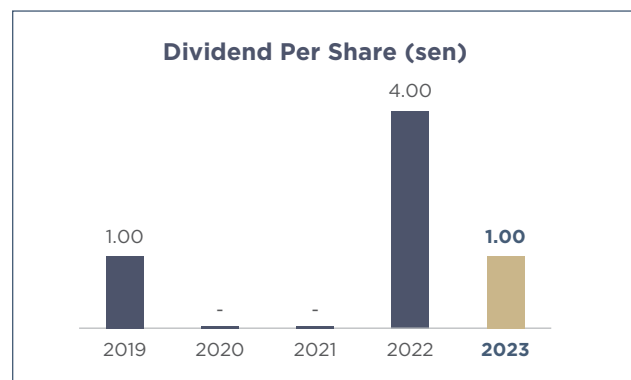
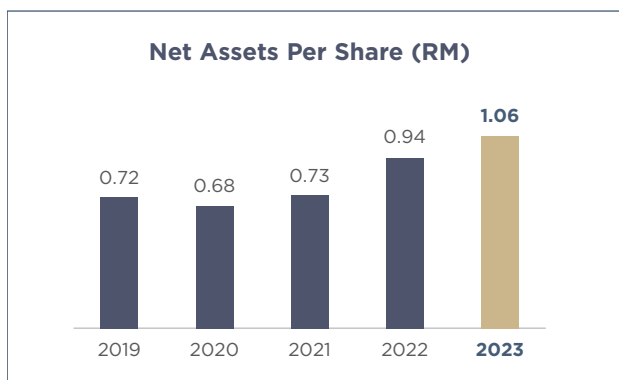
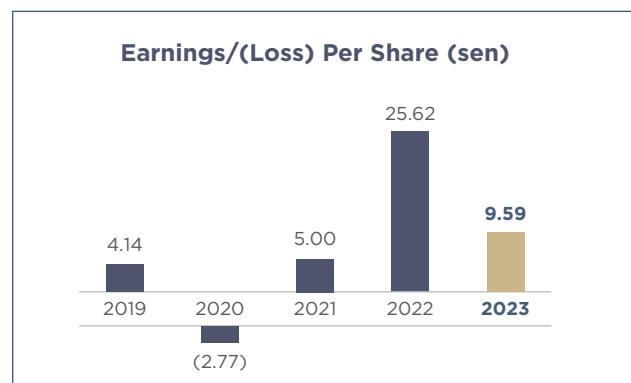
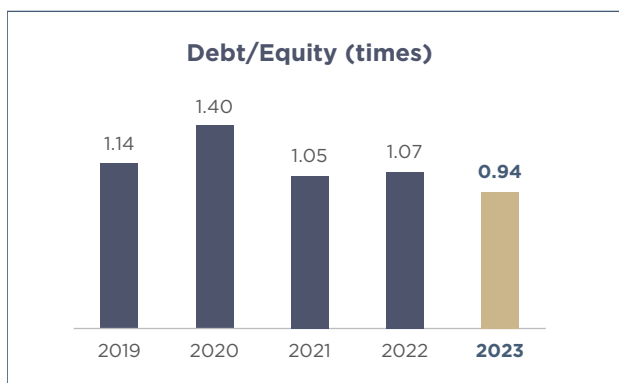
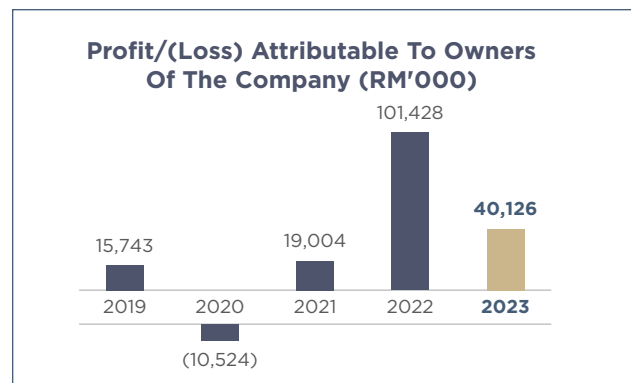
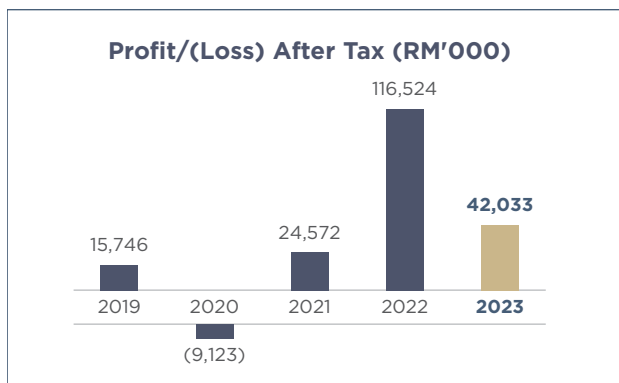
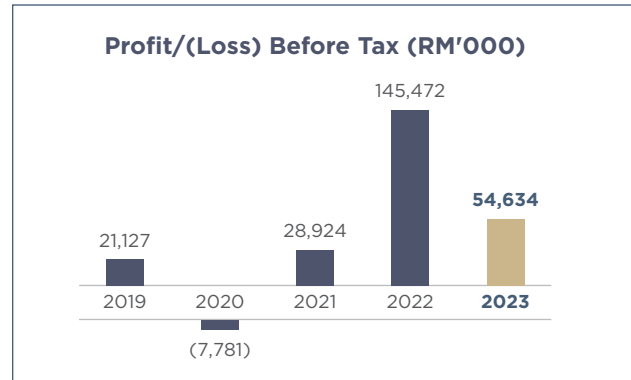
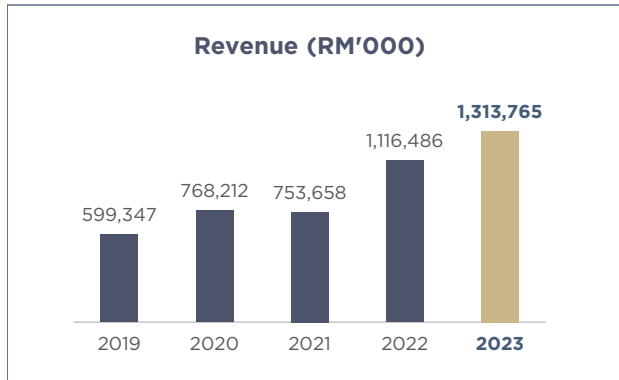
0.94 times

FYE 2022: 1.07 times

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Five Year's Group Summary Results



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Financial Year Ended 31st March (RM'000)	2019	2020	2021	2022	2023
Revenue	599,347	768,212	753,658	1,116,486	1,313,765
Profit Before Interest and Tax	32,500	8,447	41,593	155,739	74,400
Finance Costs	12,472	17,148	13,443	11,039	20,291
Profit/(Loss) Before Tax	21,127	(7,781)	28,924	145,472	54,634
Profit/(Loss) After Tax	15,746	(9,123)	24,572	116,524	42,033
Profit/(Loss) Attributable To Owners Of The Company	15,743	(10,524)	19,004	101,428	40,126
Total Equity Attributable To Owners Of The Company	273,547	258,524	277,462	395,011	443,419
Total Assets	655,375	762,940	707,311	1,094,479	1,101,583
Total Borrowings	312,815	355,378	293,218	441,191	437,143
Debt/Equity (times)	1.14	1.40	1.05	1.07	0.94
Earnings/(Loss) Per Share (sen)	4.14	(2.77)	5.00	25.62	9.59
Net Assets Per Share (RM)	0.72	0.68	0.73	0.94	1.06
Dividend Per Share (sen)	1.00	-	-	4.00	1.0

Commentary on Financial Results

FY 2023 was a year of unprecedented external challenges and volatility for most of the sectors as an unstable and uneven economic recovery took form during 2022, global development fueled by slowed economic growth, rising inflationary pressure on commodities, disruption on global supply chain, sky-rocketing energy prices, geopolitical tensions and the never-ending story of COVID-19. Despite the headwinds, the Group has spared no effort to sustain its growth and resilience in the face of these challenges by staying focused on realising our strategic priorities, navigating carefully through the challenges and staying connected with our stakeholders. With the continuous relentless commitment and dedication of our employees, AYS closed another year of solid performance, marked its second consecutive year of revenue growth of 17.67% to RM1.314 billion in the FYE 2023.

For the FYE 2023, the Group garnered record revenue of RM1,313.765 million, increased by RM197.279 million year-on-year in comparison to RM1,116.486 million in the preceding year. In spite of the year's challenging operating environment and global steel prices endured long-term declines throughout 2022, our respective businesses have leveraged their resources resiliently and effectively to deliver the Group's profit after tax ("PAT") of RM42.033 million compared to RM116.524 million in the FYE 2022.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

The comparisons in expenses are summarised as below:

	Description / Commentary	FYE 2022 (RM'000)	FYE 2023 (RM'000)	Change (%)
Selling and distribution expenses	Mainly consist of transportation costs and costs associated with sales and marketing such as trade credit insurance premium, entertainment expenses and etc. The increase was mainly due to higher transportation costs which reflected in higher business activities in FYE 2023.	12,334	17,394	41.02%
Administration expenses	Including but not limited to staff related costs, management fee paid for the sales administration and accounting services and etc. The increase was mainly due to higher staff cost which translated from higher number of staff employed in FYE 2023.	48,257	49,572	2.72%
Other expenses	The decrease was due to absence of loss on disposal of PPE, lower allowance for impairment loss on inventories.	11,951	9,841	- 17.66%
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. The decrease was attributable to a robust credit procedures with more stringent requirements on credit granted to customer.	3,912	2,586	- 33.90%
Finance costs	Attributable to the increase of OPR by 100 basis points to 2.75% from May 2022 onwards.	10,363	18,942	82.78%
Tax Expense	The effective tax rate was lower than the statutory tax rate mainly due to certain incomes which were not taxable, over provision of deferred tax in prior year, despite certain expenses which were not tax deductible and under provision of taxation in prior year. The overall decrease in taxation was due to lower profit reported in the FYE 2023.	28,948	12,601	- 56.47%

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Commentary on Financial Position

	Description / Commentary	FYE 2022 (RM'000)	FYE 2023 (RM'000)	Change (%)
Property, Plant & Equipment ("PPE")	The increase was mainly resulted from revaluation gain on land and buildings which were carried out by qualified independent valuer on 31 March 2023.	114,135	126,706	11.01%
Investment Properties	Resulted from addition in warehouse construction at Port Klang Free Zone, Westport, Malaysia and fair value gain on Investment Properties held as at end of FYE 2023.	46,786	56,798	21.40%
Inventories	The decrease in inventories was mainly due to lower inventory holding as at end of the FYE 2023. Inventories turnover decreased to 165 days as at end of FYE 2023 as compared to 219 days as at end of FYE 2022 reflecting higher revenue in the current FY.	534,786	529,176	- 1.05%
Trade Receivables	Lower trade receivables turnover of 89 days compared to that of 109 days as at end of FYE 2022. Trade receivables are generally on 0 to 150 days term.	334,674	321,565	- 3.92%
Cash and Cash Equivalents	The total cash and cash equivalents of the Group remained positive and healthy.	44,564	25,205	- 43.44%
Bank Borrowings	The decrease in borrowings was mainly attributable to lower inventory holding.	441,191	437,143	- 0.92%
Trade Payables	The trade payables turnover decreased to 43 days as compared to 73 days as at the end of the FYE 2022.	177,964	138,777	- 22.02%
Total Equity	Increase mainly attributable to profits made in the FYE 2023.	411,267	463,026	12.59%

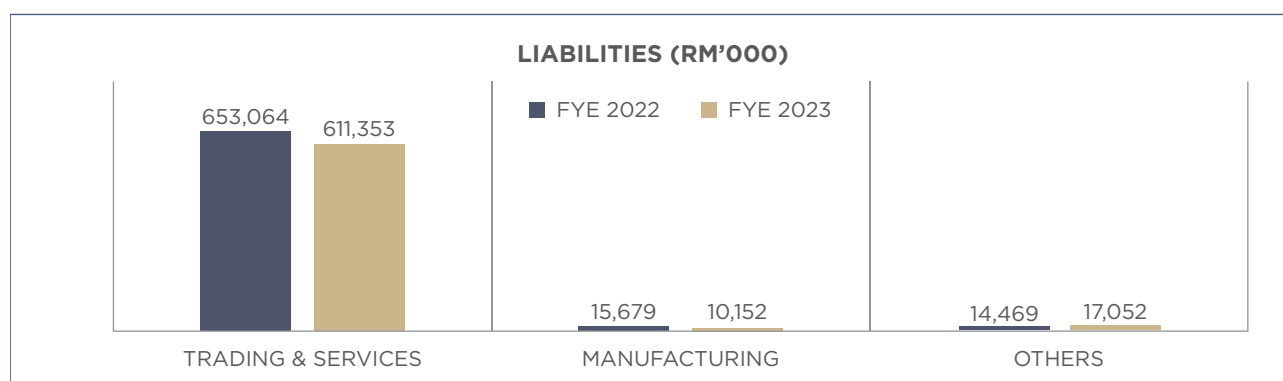
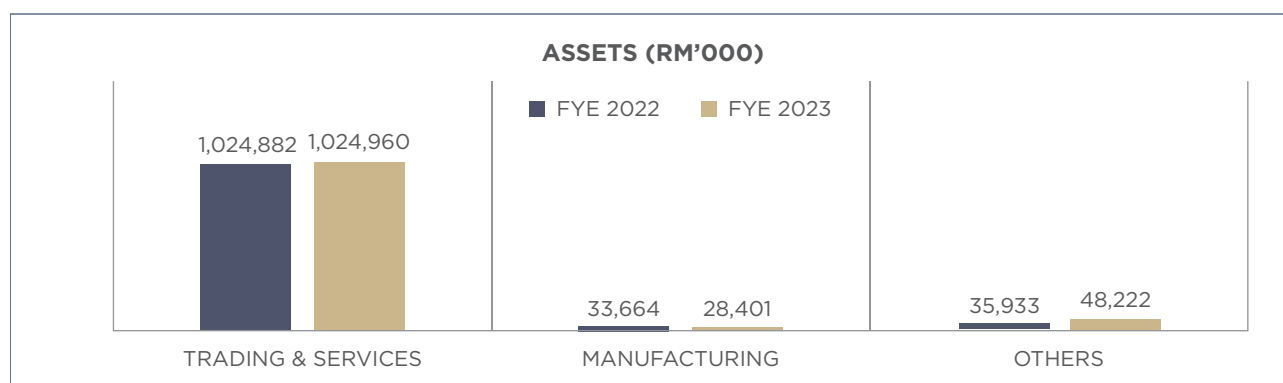
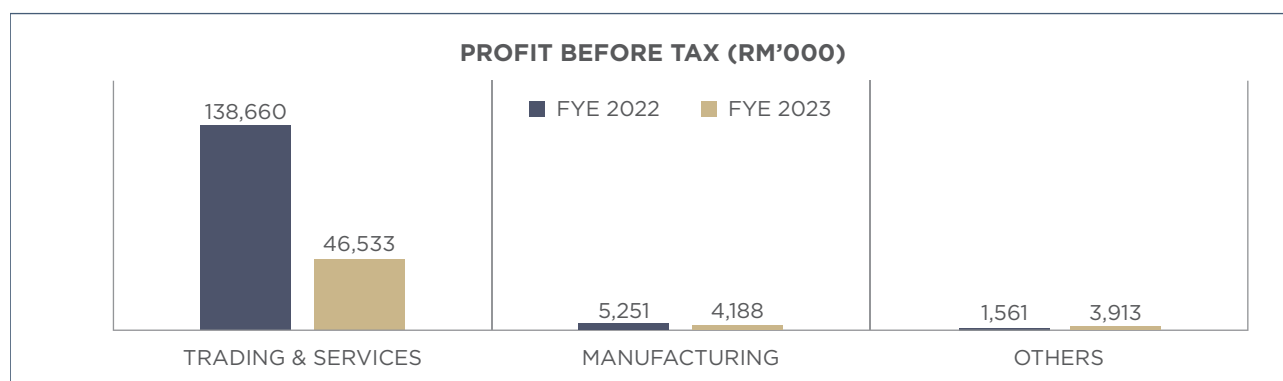
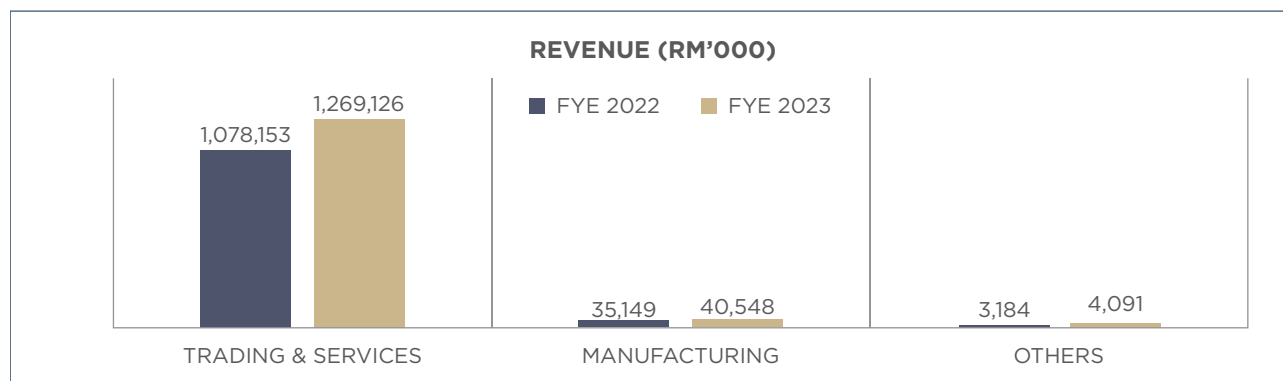
Financial Ratio

	FYE 2022	FYE 2023
Current Ratio	1.48	1.57
Quick Ratio	0.62	0.64
Gross Gearing Ratio	1.12	0.99
Net Gearing Ratio	1.00	0.93

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

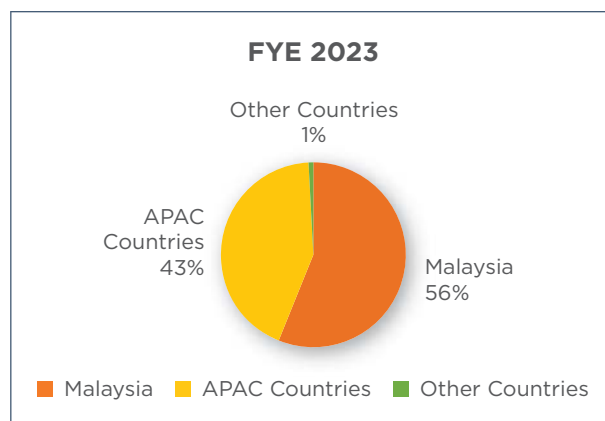
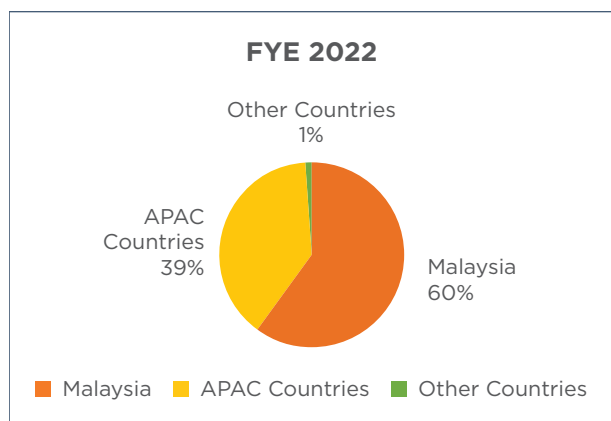
Segmental Disclosure



MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Geographical Analysis



Group Revenue, External Sales (RM'000)		
	FYE 2022	FYE 2023
Malaysia	666,060	729,424
APAC Countries	439,082	568,161
Other Countries	11,344	16,180

Dividend

During the financial year ended 31 March 2023, AYS has paid a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2022 amounting to RM4,184,586.56 on 17 October 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 2023 subject to the shareholders' approval at the forthcoming Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

FINANCIAL CALENDAR

Change in Boardroom – Encik Abd Malik Bin A Rahman

21 July 2022

Announcement of quarterly report on consolidated results for FYE 31 March 2023



FIRST QUARTER

Announced on
23 August 2022



SECOND QUARTER

Announced on
29 November 2022



THIRD QUARTER

Announced on
20 February 2023



FOURTH QUARTER

Announced on
31 May 2023

Announcement on Notice of 12th Annual General Meeting

Issuance of Annual Report 2023

20 June 2023

12th

Annual General Meeting

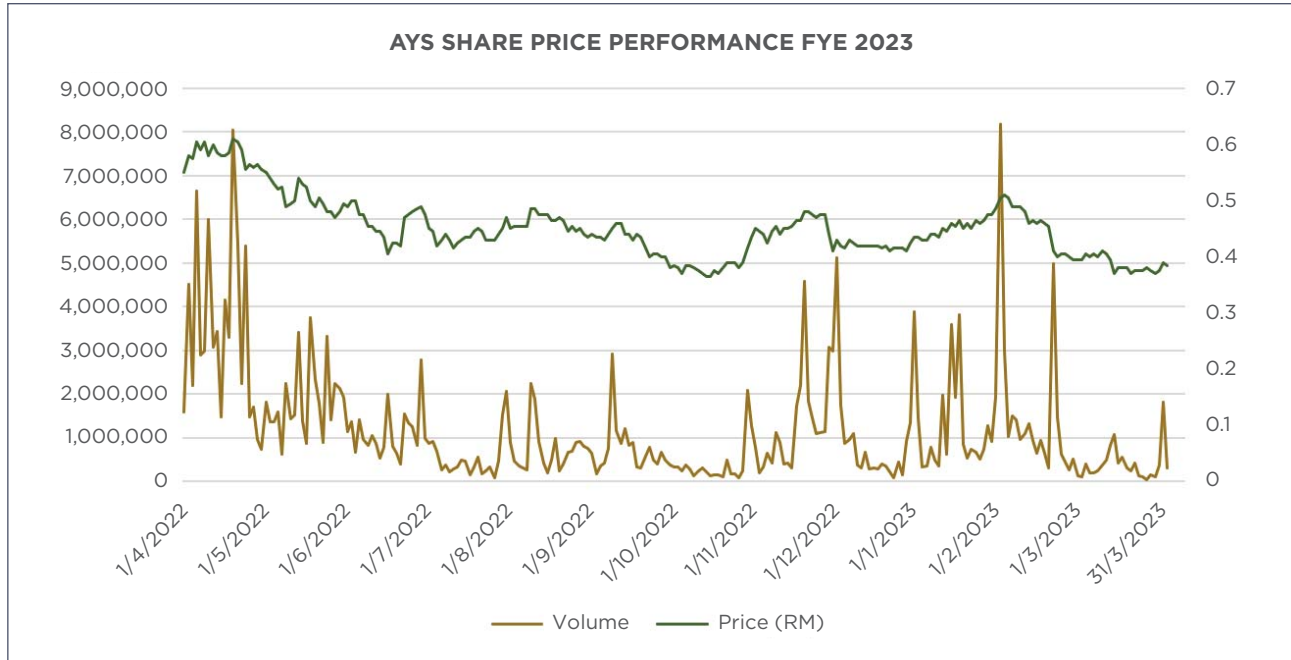
18 July 2023

Share Performance

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Number of ordinary shares (million)	380.418	380.418	380.418	418.459	418.459
Market capitalisation (RM'million)	125.538	51.356	133.146	230.152	161.107
Trading volume (million)	43.116	27.503	799.181	2,264.483	248.012
Closing Price (RM)	0.330	0.135	0.350	0.550	0.385
Highest Closing Price (RM)	0.435	0.350	0.495	0.930	0.625
Lowest Closing Price (RM)	0.320	0.115	0.145	0.340	0.365
Dividend per Share (RM)	0.010	-	-	0.040	0.010
Basic Earnings/(Loss) per Share (RM)	0.041	(0.028)	0.050	0.256	0.096

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D



BUSINESS REVIEW

AYS Group, a public company listed on Main Market of Bursa Malaysia since 9 May 2012, operates across three distinct business segments: Trading & Services Division, Manufacturing Division and Others Division.

TRADING & SERVICES DIVISION

Financial Highlight:

REVENUE
RM 1,269.126 million

PBT
RM 46.533 million

Malaysia

Ann Yak Siong Hardware Sdn Bhd ("AYSH") was established in Malaysia in 1982 having more than 40 years of history and experience in the steel industry. It is principally engaged as a Distributor of Steel Materials in Malaysia. AYSH is the largest revenue contributor to the Group. Currently, AYSH has been reckoned as one of the major suppliers for structural steel in Malaysia, as well as exporting its products to APAC region, Europe and Middle East region.

AYS Marketing Sdn Bhd ("AYSM") was established in 1993. AYSM trades in all kinds of building materials, steel products, exclusive finishing products to the construction industry, civil engineering and infrastructure sectors.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

Singapore

Steelaris Pte Ltd (“SPL”) was established in Singapore in 2011 and is a 51% owned subsidiary. It is principally engaged as a Distributor of Steel Materials based in Singapore. SPL provides steel sourcing and project management services to more than 10 countries across APAC region as well as Middle East Region.

The Trading & Services division has combined warehouse area of more than 23 acres and storage capacity of around 142,500 metric tons of material in Malaysia and Singapore to serve customers across APAC region.

The Trading & Services division will continue to focus on the Group’s Warehouse Rationalisation Program and to embrace digitalisation as a means to improve efficiency, maximise productivity and access to new markets.

Project Highlight



Intel Pelican's Project



OSRAM's Project



Samsung SDI Energy' Project



Bridge Data Centre's Project

In FYE 2023, AYS has been honoured to be part of the supply chain in few large multinational investments in Malaysia. Among the project we involved are:

- RM30 billion Intel Pelican's new semiconductor production facility;
- RM7 billion Samsung SDI Energy's state-of-art manufacturing facility to manufacture batteries for electric vehicle;
- RM3 billion Osram's expansion plan to build LED and micro-LED production facility;
- RM2.5 billion hyperscale data centre by Bridge Data Centre.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

MANUFACTURING DIVISION

Financial Highlight



CH Yodoform Sdn Bhd (“CHY”) was established in 1996. It is involved in the manufacturing and marketing of steel purlins and structural steel components used in steel construction industry. CHY is also a one-stop centre offering services like material sourcing, precision cutting according to structural requirement, drilling, shot blasting and paint coating.

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.

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.

OTHERS DIVISION

Financial Highlight



AYS (FZ) Sdn Bhd (“AYSFZ”) is an investment holding company, owns a 270,000 square feet warehouse in the Port Klang Free Zone (“PKFZ”) with direct connection to the wharf of West Port at Port Klang. At present, the warehouses in PKFZ are being leased out.

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.

MANAGEMENT DISCUSSION & ANALYSIS

CONT'D

AOK continuous 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, CHY's 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 Engineering Services content to help our digitalisation success.

APPRECIATION

On behalf of the Board, we wish to firstly thank all employees for their professional contributions and work ethic during the year.

We acknowledge the enormous contributions and invaluable guidance provided by our former directors of the Board, Tuan Haji Mohd Sharif Bin Haji Yusof and Encik Mohamad Fazlin Bin Mohamad in the past twelve (12) years. We warmly welcome Encik Abd Malik Bin A Rahman to the Board and look forward to the unique perspectives he will bring to the Board's robust deliberations.



Token of appreciation to Tuan Haji Mohd Sharif



Token of appreciation to Encik Mohamad Fazlin

We also wish to express our gratitude to all government agencies, shareholders, bankers, clients, investors, financiers and other stakeholders who have journeyed with AYS in the FY 2023. We look forward to your continuous support as we embark on a new chapter of continued value creation and realisation of a better and sustainable value for generations.

SUSTAINABILITY STATEMENT



About AYS Group Sustainability Report 2023

The sixth AYS Group Sustainability Statement 2023 provides stakeholders with detailed information on our sustainability efforts and performance. Through this report, we also reflect on what we did right and how we can improve, thus allowing us to continuously strengthen our approach in minimising harm and negative impacts while creating positive contributions towards sustainable development.

In AYS, we strongly believe that sustainability is front and centre in our pursuit to build sustainable communities and enrich lifestyles. In financial year ("FY") 2023, we strengthened our sustainability journey and adopted a more holistic approach that enables us to strategically integrate goals into business practices. Creating long-term values for all stakeholders and generate long-lasting positive impact without compromising the needs of future generations is our ultimate goals. Our sustainability goals are associated with the three sustainability themes: Economic, Social and Governance ("ESG") and we have implemented various initiatives that created ESG impacts in the FY2023.

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).

Ann Yak
Siong Hardware
Sdn Bhd
("AYSH")

AYS
Marketing
Sdn Bhd
("AYSM")

CH Yodoform
Sdn Bhd
("CHY")

AYS (FZ)
Sdn Bhd
("AYSFZ")

Steelaris
Pte Ltd
("SPL")

Reporting Scope and Boundary

The sustainability statement includes performance based on our key subsidiaries as listed above:

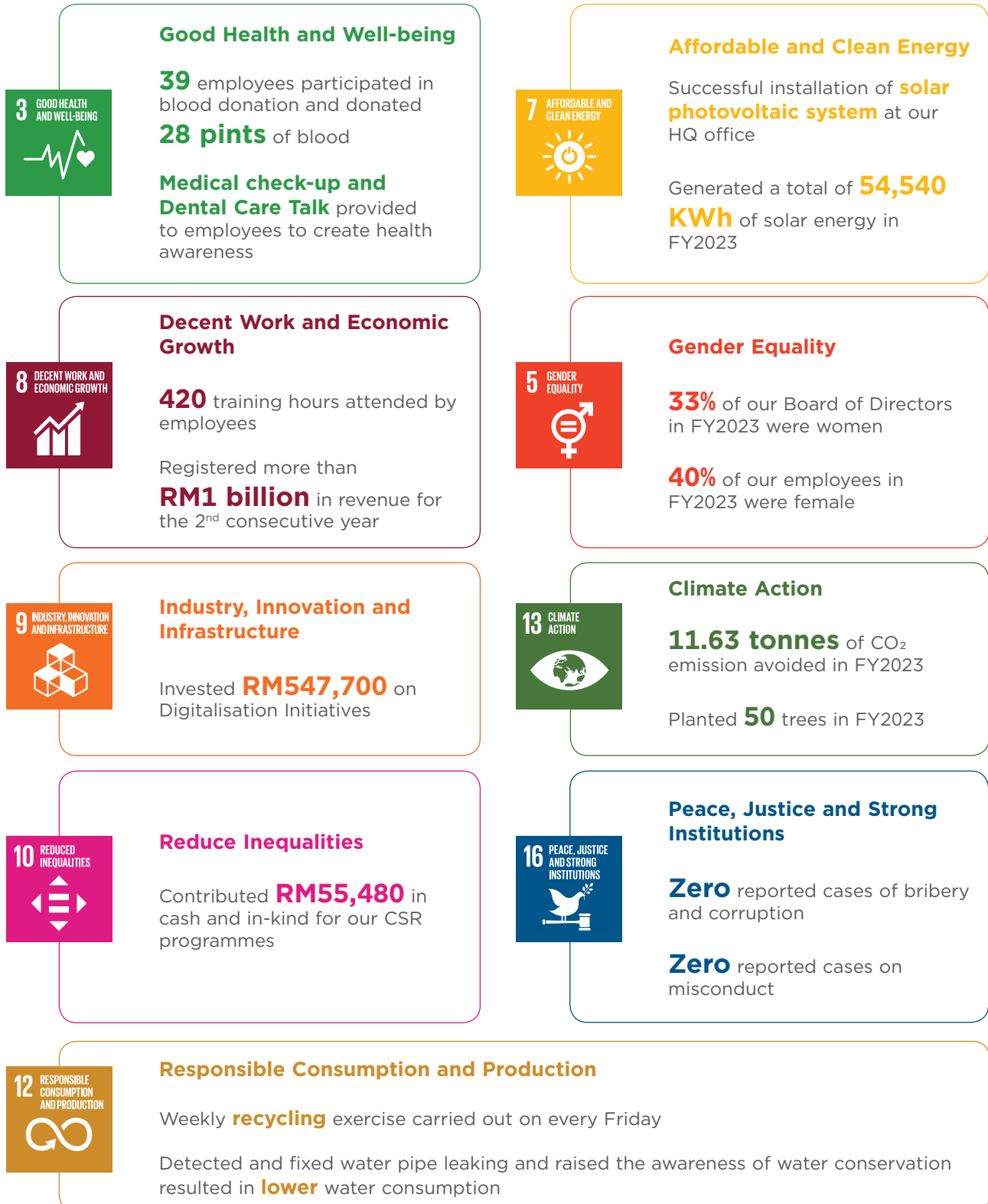
The disclosures are based on the Group performance for the reporting period from 1 April 2022 to 31 March 2023 ("FY2023"), unless stated otherwise.

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

Sustainability Highlight



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. It was developed according to best practices and standards, thus providing stakeholders with meaningful disclosures in order to make well-informed decisions.



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

Sustainability is core to our business decision-making and activities, as we seek to create long-term positive impacts on people and the planet. As such, we strive to embed ESG considerations in our business management and daily operations. We also review our sustainability commitment and approach from time to time to ensure that our strategy remains relevant to current trends in order to mitigate risks and identify opportunities.

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




- Our business conducted in a manner sensitive to environment, energy efficient and puts its best efforts to achieve continuous improvements for better carbon footprint;
- Values credible inputs and feedback from its internal and external stakeholders on various aspect of AYS's business and operations;
- Focusing on compliance and policies, and uplifting the integrity of the Group's subsidiaries, its shareholders, Board of Directors and employees.

SUSTAINABILITY STATEMENT

CONT'D

Sustainability Target

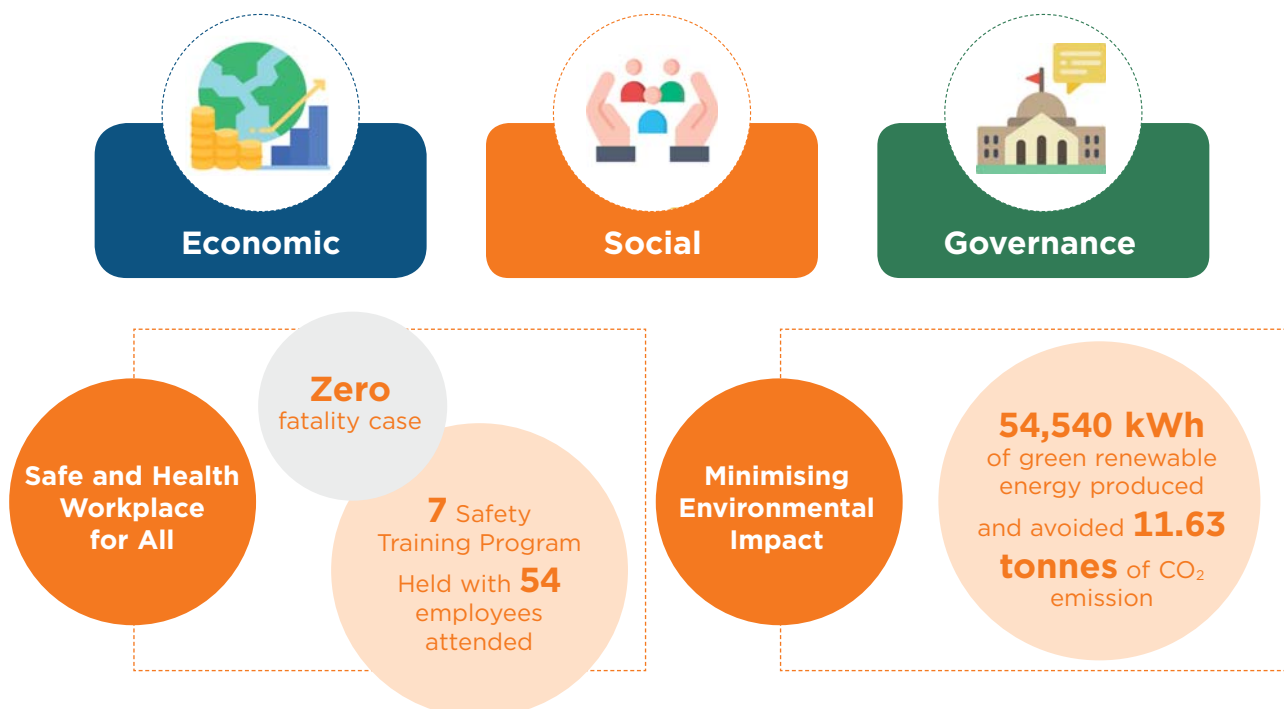
In FY2020, FY2021 and FY2022, we have set eight targets to monitor our sustainability performance, we achieved three out of the eight in FY2021, two in FY2022 and another two during FY2023.

Target		Performance in FY2023
	Construction of new covered warehouses with warehousing facilities	The warehouse construction is in planning stage. The construction will commence in next financial year.
	To integrate sustainability strategy and framework into overseas subsidiary's business operation	Our overseas subsidiary, SPL, has integrated their sustainability strategy and framework with AYS's Malaysia operation.
	Embark on renewable energy project for sustainable environment	Our Group has successfully installed and commenced the use of the 125kWp Solar PA system in January 2023.

In-Progress
Achieved

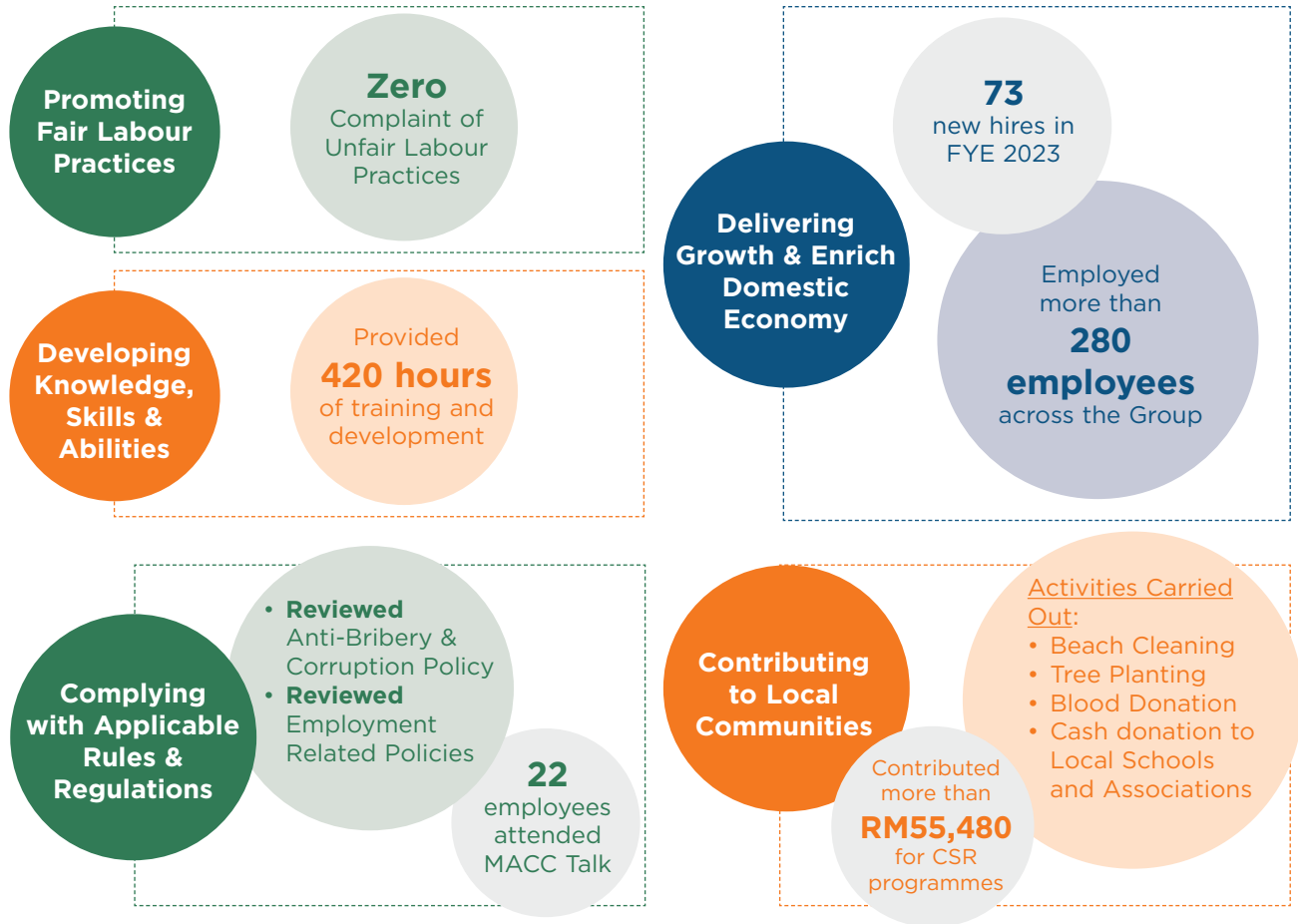
Sustainability Progress FY2023

In FY2023, we have revamped our sustainability approach and will measure the progress in pursuing to our sustainability goals.



SUSTAINABILITY STATEMENT

CONT'D



Our Contribution to United Nations Sustainable Development Goals ("UNSDG")



SUSTAINABILITY STATEMENT

CONT'D

The UNSDG, designed by United Nations in 2015, is a collection of 17 interlinked objectives to ensure no one is left behind. The 17 objectives serve as a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom.

These goals cover all the key areas required for sustainable development, from eradicating poverty and reducing inequality to improving health and education and boosting economic growth, while addressing climate change and preserving the environment.

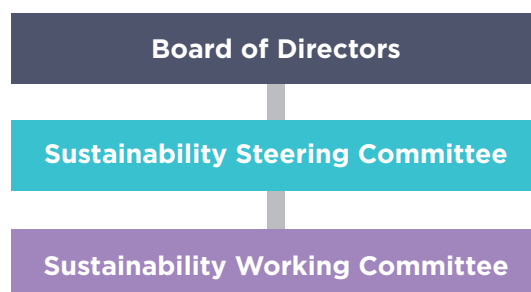
In FY2023, we continued to contribute to a range of key areas and selected certain SDGs as explicit priorities that we believe we can ignite long-lasting positive change that may increase shareholder value over the long term.

SUSTAINABILITY GOVERNANCE

The Board of Directors ("BOD") of AYS represent the highest authority and is ultimately accountable for overseeing sustainability matters within the Group.

The Sustainability Steering Committee ("SSC") is responsible for driving the implementation of the sustainability strategies and reports the progress to the BOD on a half-yearly basis, and seeks their advice on related issues. The SSC is chaired by a Group Executive Director with members comprising at least two others Head of Department.

The SSC is supported by Sustainability Working Committee ("SWC") comprising not less than three members and at least one member is General Manager.



Roles and Responsibility of Sustainability Governance Group

BOD	SSC	SWC
Oversight of Sustainability Matters	Strategic Management of Sustainability Matters	Day-to-day implementation of Sustainability Matters
<ul style="list-style-type: none"> Accountable for ensuring that sustainability is taken into account when setting the strategic direction Provides final approval for sustainability related matters Provides approval of the Group's annual sustainability statement 	<ul style="list-style-type: none"> Reports overall sustainability progress to the BOD Seeks approval from the BOD for sustainability initiatives recommended by the SWC Oversees and monitors sustainability efforts and progress implemented by the SWC 	<ul style="list-style-type: none"> Identifies material sustainability matters relevant to the Group Implements sustainability initiatives Reports to the SSC on the overall progress of sustainability initiatives and highlights any challenges or limitations

SUSTAINABILITY STATEMENT

CONT'D

CREATING VALUE

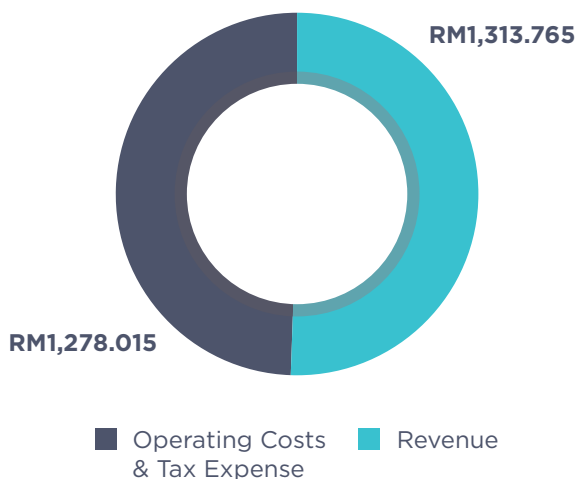
We continue to adopt the IR Six Capitals (Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural) approach to create sustainable value focuses on balancing interests of shareholders, employees, customers, communities and others. We aim to deliver meaningful and lasting positive impact by prioritising long-term value creation that benefits all.

FINANCIAL CAPITAL

Financial sustainability continues to be one of AYS's most prioritised matters as we strive on delivering and adding value 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.

Value Generation

Direct Economic Generated ('million)



Our Direct Economic Generated in FY2023 was RM1,313.765 million, which RM1,278.015 million went to Operating Costs and Tax Expense.

Value Distribution



To shareholders:

RM4.185 million will be paid to shareholders as dividend income (subject to approval by shareholders of the forthcoming Annual General Meeting)



To Government:

RM12.601 million in income taxes was paid to the government



To Employees:

RM44.333 million was paid in employee wages and benefits



To Banks:

RM18.860 million was paid in interest expenses to banks



To Communities:

RM55,480 was paid in donations, sponsorships, CSR programmes

HUMAN CAPITAL

AYS believes that the key to success for an organisation is to empower the Human Capital. AYS has been continuously invested in upskilling and reskilling our workforce to compete in the future marketplace, given the constantly changing market environment.

CORPORATE GOVERNANCE

Sound corporate governance underpins our values, culture, processes, functions and organisational structure. 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 Malaysian Code on Corporate Governance 2021. The detailed disclosure is presented on our Corporate Governance Overview Statement on pages 66 to 77 of this Annual Report.

SUSTAINABILITY STATEMENT

CONT'D

The Boards of AYS consist of 33% Independent Directors

Board Composition

- 2** Independent Non-Executive Directors
- 1** Non-Independent Non-Executive Director
- 3** Executive Directors

Board Gender Diversity



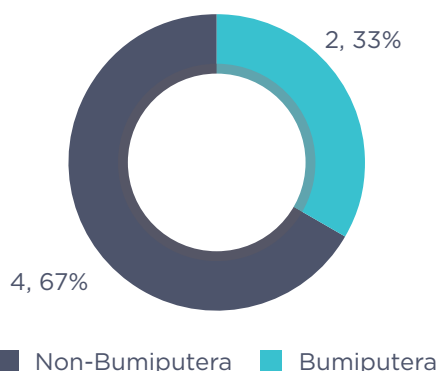
Male

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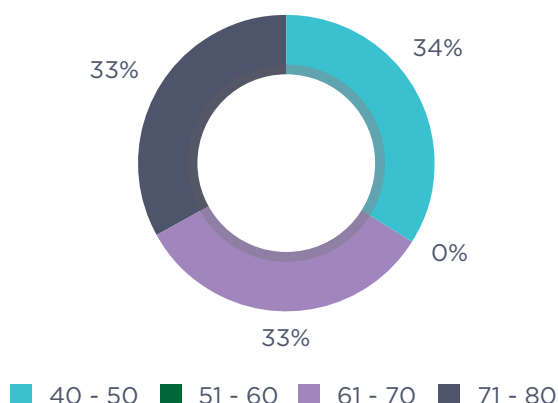
Female

2

Board Nationality



Board Age Diversity



Ethics and Integrity

AYS is mindful of the threats of corruption and bribery to its operations. The risks vary across different landscapes including jurisdictions, business sectors, people and transactions. AYS will continue anchor the effort in managing integrity risk by ensuring there are adequate policies, procedures and controls within the organisation reflects our commitment to conduct business with high integrity and in support of the Group's zero tolerance against all forms of bribery and corruption. We have also made available our Code of Business Conduct to stakeholders through our corporate website.

Anti-Bribery and Corruption Policy and Whistleblowing Policy

Our Board of Director has reviewed and endorsed the Anti-Bribery and Corruption ("ABC") Policy that 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 and to uphold the highest ethical standards across our workplace. Our ABC Policy covers gifts, hospitality and entertainment, donations and sponsorships, facilitation payments and more.

Good business ethics, honesty, integrity and accountability are paramount in the way we do business. AYS adopts a zero-tolerance approach to all acts of bribery and corruption activity by employees, suppliers and other business relations. The Board and employees are expected to adhere to all local anti-bribery and anti-corruption legislations, and to remain vigilant about wrongdoing, malpractice or irregularities in the workplace.

Hence, we have in place Group Whistleblowing Policy to contribute to an environment where integrity and ethical behavior are maintained and any potential illegal or improper conduct within the group may be exposed. The Audit Committee oversees the administrative of the Whistleblowing Policy in an impartial manner, under the purview of the Board. The Whistleblowing Policy has been revised and approved by the Board on 23 February 2021.

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>

SUSTAINABILITY STATEMENT

CONT'D

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

AYS puts the highest priority on the OSH of employees. We strive to minimise or eliminate any potential risks in the workplace that could affect health and safety of our employees, operational efficiency and reputation and in the long run, impact our profitability.

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. In ensuring the effectiveness of the SHEC, our Deputy Group Managing Director is the chairperson of the committee and will be accountable for delivering optimal OSH practices across the group.

Our Safety and Health Officer is responsible for ensuring compliance with OSH policies and procedures, and their performance appraisal and remuneration are based on meeting OSH targets. OSH matters are also escalated to the Board of Directors as and when required.

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. ERT 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 FY2023 are:-



Ergonomic Risk Assessment



Fire Drill



Dental Care Talk

- Ergonomic Risk Assessment: We conducted ergonomic risk assessment for all activity involving manual handling at our manufacturing division.
- Fire drill: We conduct a fire drill once every two years for all employees.
- Local Exhaust Ventilation Monitoring: We conduct testing for our LEV system to ensure it is well functioning.
- Stack Emission Monitoring: We monitor our chemical release to the stack are not exceeding the air pollution index.
- Audiometric Testing: We conduct annual audiometric testing to our employees who exposed to production noise during their work.
- Health Screening: We provided a free health screening for all our employees during the financial year. We have also organised a Dental Care Talk to educate our employees on Oral Health Care.

SUSTAINABILITY STATEMENT

CONT'D

Due to our efforts to foster a safe work environment, we recorded zero major injury and a total of 616 hours of loss time injury ("LTI"). Our Lost Time Injury Frequency Rate ("LTIFR") for this year recorded at 1,092.88. Investigations and corrective actions were immediately undertaken following the incidents.

In FY2023, we always achieved our target for zero fatality case. Nonetheless, we will strive harder to ensure that both the LTI and LTIFR are further reduced 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.

	FY2023	FY2022	FY2021
LTI	616	408	104
LTIFR	1,092.88	719	181

**Zero
Fatality
Case**

TALENT MANAGEMENT



Our people are integral to our business and our success. Our ability to attract and retain a diverse workforce, characterised by equal opportunities and prospects for career advancement, is fundamental to our business operation.

We recognised that workforce expectations have evolved considerably over the past years and will continue to do so. Today's talents are looking for growth, opportunities to shine, variety, flexibility, mobility and security. Increasingly, people want to work for an organisation that is purpose-driven and where they can add value to society.

Our Group outlined its human capital strategies to cater for the evolving expectations of future generations of employees. We emphasised on innovation and digitalisation efforts towards institutionalised efficient and effective processes, systems and organisational capability. Our talent management is fundamentally based on performance management, leadership development, succession planning and employee capability building. It is implemented at all levels of the organisation to support our business priorities and growth strategy.

SUSTAINABILITY STATEMENT

CONT'D

Employee Distribution



AYS believes in embracing the diverse values of our employees to enable them to achieve their full potential, continues to foster an environment which prevents discrimination and thrives on the diversity of individuals. AYS always ensure our environment is one where everyone feels they belong and can bring their potential to the fullest will drive our collective ability to innovate and deliver to all our stakeholders.

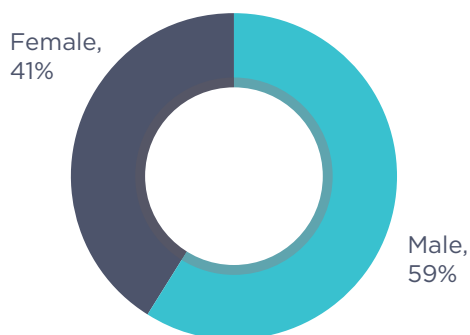
As of end FY2023, AYS employed a total of 284 staffs, comprising 59% men and 41% women. The gender distribution is skewed by male dominance in operational functions which involves heavy manual task.

Nevertheless, we do not restrict our female employees from undertaking any professional positions and tasks, as long as they attain the required academic qualifications and skills for the job.

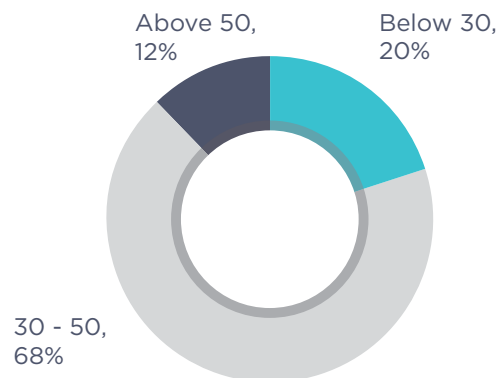
The Group values and respects individual differences. We believe in creating an environment where our teams feel they are valued; where they can bring their differences to work each day and where they feel able to make their own unique contribution. We believe everyone deserves the right to be treated equally and should not be discriminated against because of their differences. The Group is committed to treating all its employees equally based on their merits and abilities to do their jobs.

The Group's total employee distribution by gender, age and employment category for FY2023 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.

PERCENTAGE OF EMPLOYEE BY GENDER



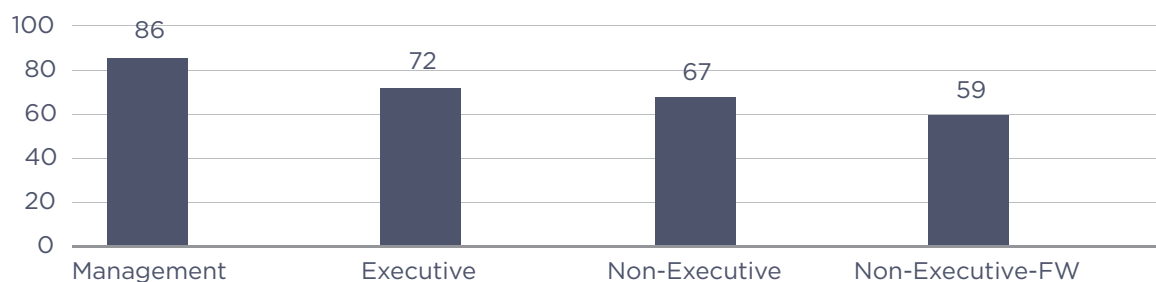
WORKFORCE BY AGE GROUP



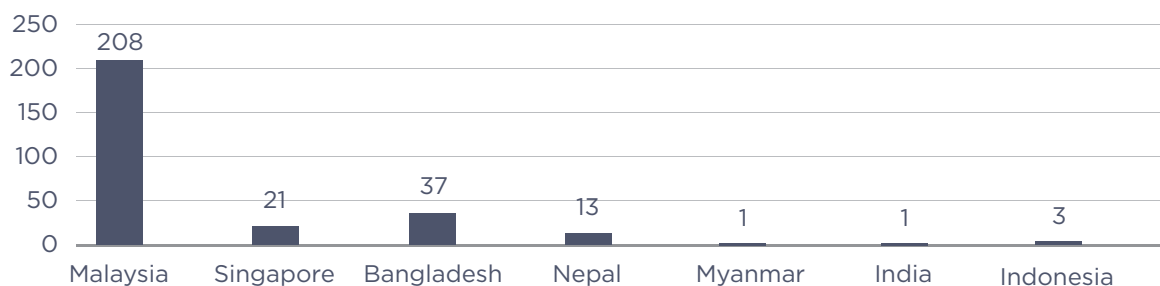
SUSTAINABILITY STATEMENT

CONT'D

WORKFORCE BY EMPLOYMENT CATEGORY



WORKFORCE BY NATIONALITY



Women in Leadership

33%

Female Board
Representation

49%

Women in
Management
Position

71%

Promotions
Awarded to Female
Employees

Equal opportunities for women remain a key focus for the Group. We recognise the positive impact of gender diversity on the performance of teams and the business. Therefore, increasing female representation in leadership supports our business strategy.

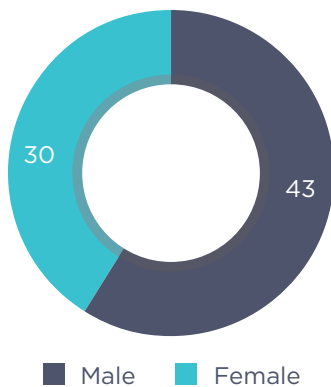
SUSTAINABILITY STATEMENT

CONT'D

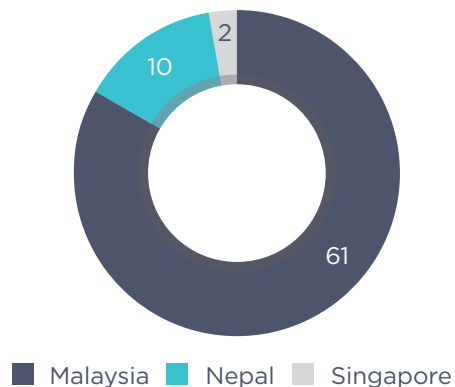
New Hires

AYS believes in the ability of local talents to deliver excellent service and performance for the Group. We continue to prioritise locals for employment and participated in few recruitments drives in local university and recruitment fairs. However, due to our business nature in trading and manufacturing sector, most of our employees in the operational site are foreign workers.

NEW HIRE IN GENDER DIVERSITY



NEW HIRE BY NATIONALITY



Training and Development

We tailor our talent development programs and interventions to suit business and employees' needs and expectations, ensuring that our highly skilled and engaged talents are equipped to meet the needs of our stakeholders.

We continuously invest our energy and resources in upskilling and reskilling our employees for our long-term success in the fast-paced and dynamic environment. Our goal is to ensure that our employees remain competitive and possess relevant skills to thrive today's challenging business landscape. Our training is offered in various modes, including remote learning, virtual learning and physical classes, to keep our employees up to date with the latest industry trends and best practices which we believe this could retain talents over the long term and develop them for future roles.

AYS are committed to providing high-quality trainings to our employees and we constantly evaluate the courses and trainers by gathering feedback from our employees. These feedbacks help us to ensure that the training and development programmes we provide meets the needs of our employees.

RM227,226

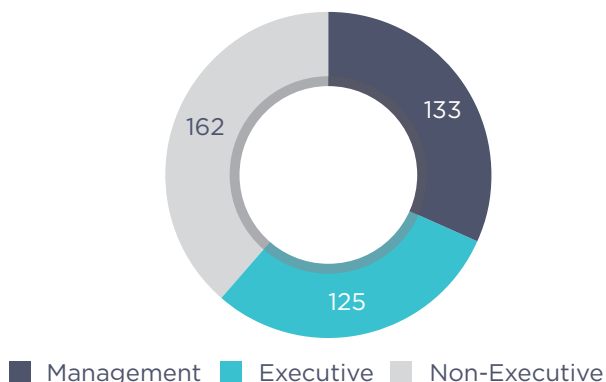
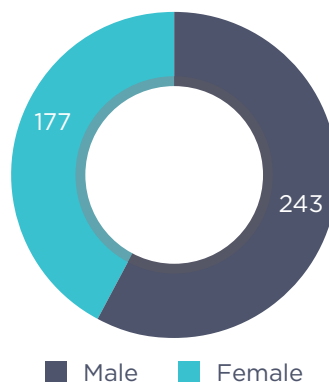
Total Investment on
Training & Development

RM800

Average Investment on
Training & Development per
Employees

SUSTAINABILITY STATEMENT

CONT'D

TRAINING HOURS BY EMPLOYMENT CATEGORY

TRAINING HOURS BY GENDER


Due to precautionary measure against the spread of the contagion, we capitalised on online learning platforms to carry out training.

Remuneration and Employee Benefits

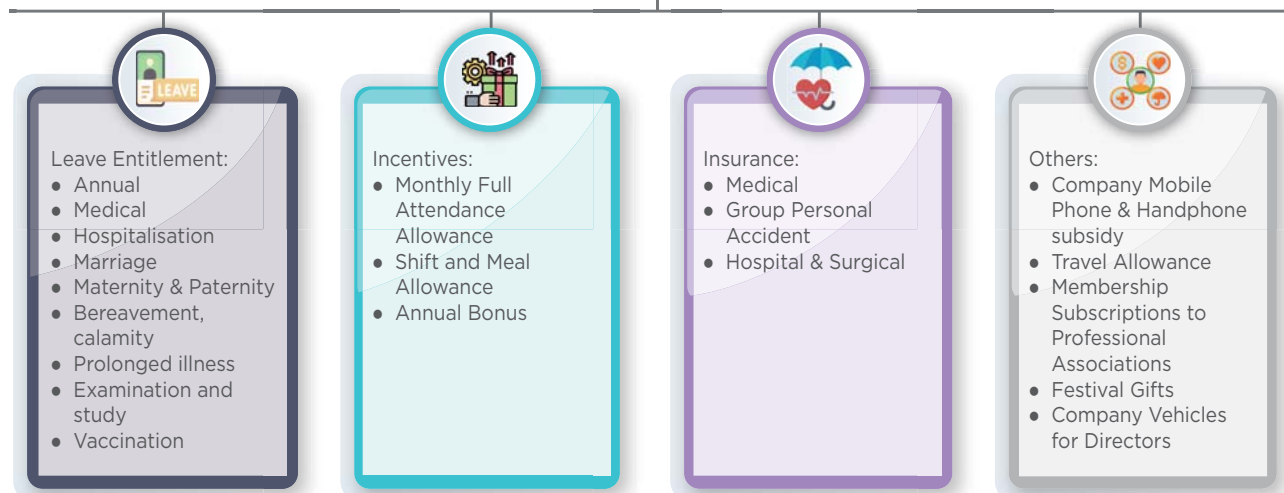
As a caring and responsible employer, we ensure our most valuable assets - employees are compensated fairly and competitively by benchmarking against similar industry players in order to remain competitive in attracting and retaining talents.

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.

Turnover Rate	FY2023	FY2022	FY2021
	18%	19%	26%

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.

EMPLOYEE BENEFITS



SUSTAINABILITY STATEMENT

CONT'D

The Group is keenly aware of the health concerns and economic uncertainty weighing on the entire community. Whilst many organisations continue to lay off their employees during this uncertain economic period, we did not.

The Group practiced no Covid-19 related layoffs for all employees. We assured our employees of their job security despite the challenging business environment.

The Group continued providing pay and health and welfare benefits during this period that allow employees to care for themselves and their families as we look to support the Nation more effectively towards recovery.

Flexibility and Agility

The COVID-19 pandemic had given rise to many new norms and the way we work is no exception. The working environment and flexible working conditions are factors many employees demand in the current market.

Our Singapore entity, has introduced a flexible work arrangement scheme i.e. Flexi Time, Flexi Place and Flexi Load aiming to provide employees the flexibility in terms of working location, working hours and working arrangement. In addition, our Singapore entity has also provided special leave i.e. Childcare Leave to eligible working parents to take time off from work to care for their young children.

Through this flexible working arrangement, we hope to cultivate a culture of self-accountability, sense of belonging and a team environment built on mutual trust and support and in the same time broaden the company's reach and ability to attract and retain talents.

Celebrating Employees' Milestones

AYS is proud of its employees who stay through thick and thin with the group to achieve goals together. AYS organises Triennial Company cum Employees' Appreciation Dinner in recognition of employees' contributions and years of dedicated services. The various award categories include:



Long Service Awards

For 10, 20 and 30 years of service

These awards are a testament to the Group's culture and illustrate its commitment to being a great workplace where employees can grow, develop and forge ahead.

Performance Management and Employee Engagement

The well-being of our employees is reflective of how happy and healthy they are at the workplace. We continue to maintain consistent and regular employee engagement during these challenging times focusing on their health and emotional wellbeing. These engagements are intended to inspire them to greater commitment and to motivate them to perform productively and efficiently.

The engagements held throughout the year, provided our employees with the opportunity for their voice to be heard and foster a positive and inclusive workplace. We engage our people in the business culture transformation initiatives, encourage them to share their ideas and suggestions via various channels such as townhalls, briefings and leadership sharing sessions. Likewise, our leaders engaged closely with their respective team to cascade messages and business performances.

In FY2023, **100% of employees** received performance and career development reviews conducted by their managers and supported by our HR Department. Incentives such as increments, promotions and bonuses are given out based on employees' performance and merit, subject to the AYS's financial performance.

SUSTAINABILITY STATEMENT

CONT'D

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



Festival Celebrations



Birthday Celebrations



Sport Activities



MANUFACTURED CAPITAL

RM1.274 million

 Investment in Warehouse
Capacity Expansion

RM0.316 million

 Investment in Solar Panel
System

RM11.561 million

 Investment in Construction of
Investment Properties

Trading & Services

AYS is one of the leading steel and construction materials distributors in the region with approximately 23 acres of warehousing land and a capacity of 142,500 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.

Manufacturing

AYS operates 20,000 metric tonnes of annual capacity, covering over 6,500 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.

SUSTAINABILITY STATEMENT

CONT'D

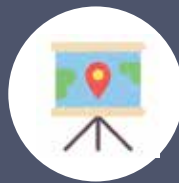
INTELLECTUAL CAPITAL

AYS has amassed significant of intellectual capitals comprising our expertise of employees, our 40 years of technical know-how, organisational processes and the extensive networking with our suppliers and customers.

AYS has strong presence in the regional markets, with more than 40 years of history, and has identified itself as one of the market leaders in the distribution business of steel related products and building materials.



Over **280** Strong & Diversified Workforces



Operates Strategically in
Malaysia & Singapore



More than **40 years** of Technical Know-How



Certified with ISO
9001:2015, 14001:2015 &
45001:2018



Strong Network
with Suppliers & Customers in
the Region



Strategic Partnership
with stakeholders

NATURAL CAPITAL

AYS demonstrates its commitment to preserving the environment by upholding best practices of environmental management within sustainability strategy. We believe that sustainable development is an integral part of our business, hence we manage our environmental footprints with full compliance in our business processes. To promote sustainable living at the same time, we aim to find innovative solutions without compromising the quality of living.

AYS recognises that environmental issues such as emissions, climate change, resource constraints are material to our business. We constantly strive to prevent negative environmental impacts or manage or reduce those impacts by adopting best practices in environmental standards.

In our commitment to ensuring our compliance with environmental rules, regulations and policies, the Group has a dedicated Health and Safety officer oversees our environmental compliance.

SUSTAINABILITY STATEMENT

CONT'D

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 Practices	Weekly 3R programme (reduce, reuse, recycle) as part of waste management protocol

Energy and Water

AYS is committed to managing energy consumption in our operations as we recognise that electricity consumption is one of the key contributors to the Greenhouse Gas emissions. As such, we are committed to achieve energy efficiency in line with UN SDG. The Group seeks to develop a sustainable environment through continuous improvements in managing energy through the use of renewable energy and integrating energy conservative initiatives.

AYS also acknowledges that water preservation is key in addressing our climate responsibilities. We keep track of the water consumption of our business by location and we have in-place some initiatives to optimise water consumption and reduce water wastage.

Energy Conservation Initiative:	Water Conservation Initiative:
<ul style="list-style-type: none"> Replace conventional lightbulbs with LED bulbs to increase energy-efficiency Switch off lights and air-conditioning system during idle time Maximise the use of daylight by installing factory roof with a design that facilitates natural lighting 	<ul style="list-style-type: none"> Place signages at strategic location such as toilet, pantry and etc. to conserve water Taps in the toilets and pantries should not be left running when not in use Detect and repair immediately any water leakages

Green Technology Ecosystem

AYS has made efforts to minimise carbon emission by incorporating green technology into our operations. In FY2023, AYS has installed solar panels located at the HQ office. In January 2023, we commissioned a capacity of 125 kWp solar capacity. This effort not only have reduced 11.63 tonnes of CO₂ emission, but also contributed to electricity cost saving of RM15,626 in FYE 2023. This effort allows AYS to reduce its emissions footprint and at the same time, increase cost savings in the future.

SUSTAINABILITY STATEMENT

CONT'D

AYS Group Electricity Consumption in (kWh):			
Location	Electricity Consumption (kWh)		
	FY2023	FY2022	FY2021
Lot 6488	303,013	304,967	386,076
Bukit Raja	48,064	48,882	76,894
Lot 3846	464,830	220,610	425,860
Lot 3845	41,150	39,700	56,440
PKFZ	N/A *	N/A *	64,343
Singapore	33,537	10,355	9,559
Total	890,594	624,514	1,019,172

The overall increase in energy consumption was mainly attributed to higher production activities in our manufacturing division. However, with various energy conservation initiatives that were undertaken during the year, have contributed to slightly lower energy consumption in other business premises.

AYS Group Water Consumption in (M ³):			
Location	Water Consumption (M ³)		
	FY2023	FY2022	FY2021
Lot 6488	8,846	29,584	19,776
Bukit Raja	1,027	1,301	817
Lot 3846	6,557	7,564	7,103
Lot 3845	5,519	3,255	3,688
PKFZ	N/A *	N/A *	825
Singapore	458	data not available #	
Total	22,407	41,704	32,209

The decrease in water consumption was due to burst pipe detected with a replacement of new water piping and the on-going water conservation initiative.

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

Water consumption was included in the rental paid to landlord.

Waste Management

We strive to be proactive in reducing environmental pollution and carbon emissions arising from our operational waste. Our policy is to reduce waste as far as possible and to maximise our recycling rate. We practice the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable waste. 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 organization ("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 disposed responsibly in accordance with the Environmental Quality (Scheduled Waste) Regulations 2005 with aim of not causing risk to our people, the environment and local communities. 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 2023	FY 2022	FY 2021
SW 409	1,676	927	2,183
SW 410	46	32	10
SW 417	3,332	2,248	1,338
SW 306	20	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

AYS provides quality products, solutions and services that satisfy our customers. We believe that meeting customer expectations will allow us to build long-lasting relationships of trust and continue to grow. To better understand the needs of our customers, we have been collecting data and feedback via surveys and measurement tools to gain insights. Feedback from customers is vital for us to continue to innovate and enhance our services to boost customers satisfaction.



Google Review  : **4.1/5.0**
Customer Satisfactory : **86%**

Besides, the Group will also attend trade fairs and exhibitions locally as well as overseas to communicate with customers.

Quality Management

High product quality and services is of paramount to the Group business. To stay on top of the fast-changing business environment, products and services that are safe, innovative, effective and reliable to our stakeholders are key to our business. In AYs, we have 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

Sustainable procurement and Supply Chain plays a significant role in our sustainability practices. Through responsible and sustainable procurement practices, we can reap financial benefits while contributing to socio-economic development and improving the livelihoods of local businesses. On the other hand, weak sustainability performance within the supply chain exposes us to operational and reputational risks, such as regulatory fines, stop-work orders, protests and other disruptions.

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 also have committed to engage our supply chain and maintained full Anti-Bribery and Corruption compliance across all our third-party vendors and suppliers to ensure all suppliers and vendors are given fair and equal opportunities to conduct business with us.

We strive to source ethically and sustainably, prioritising local businesses and small and medium-sized enterprises. Our supplier network comprises suppliers from APAC, Europe and Middle-East region, ranging from large multinationals to SMEs. We are committed to doing our part to positively influence our suppliers towards more sustainable practices, and to provide opportunities to domestic businesses in the markets we operate in.

AYSFZ and AYSM source products entirely from local suppliers while CHY source majority of it from local suppliers. As for AYSH and SPL, 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 2023		FY 2022		FY 2021	
	L	F	L	F	L	F
	%	%	%	%	%	%
AYSFZ	100	-	100	-	100	-
AYSM	100	-	100	-	100	-
CHY	57	43	44	56	44	56
AYSH	6	94	4	96	4	96
SPL	23	77	26	74	15	85

* L = Local Suppliers, F = Foreign Suppliers

Community Development

AYS embraces social responsibility and maintains active engagement with our diverse group of stakeholders who have a direct or indirect impact to our business, reputations and our purpose in creating a sustainable future for all. We strive to reach out community to enrich and empower the marginalized and the underserved through collaborations with non-governmental and not-for-profit organisations. Our ultimate aim is to ensure no one is left behind and our initiatives could create a long-lasting positive impact for the local community.

SUSTAINABILITY STATEMENT

CONT'D

HEALTHCARE



As always, AYS strives to promote good civic consciousness by contributing to a caring society and increase recognition that giving blood is a life-saving act of solidarity. In October 2022, AYS has again organised a blood donation drive, was the 3rd year of AYS's collaboration with Hospital Tengku Ampuan Rahimah Klang ("HTAR") to propel blood donation amongst its employees. There were 39 donors and successfully collected 28 pints of blood. The donated blood will be used for clinical transfusion for patients in HTAR. According to Community Blood Center, one pint of blood can save up to three lives.

ENVIRONMENT

It is our responsibility to protect biodiversity and ecosystems as efficaciously as possible. In FY2023, our employees have participated various awareness-raising campaigns to increase the knowledge and awareness on environmental issues.



In September 2022, a total number of 40 employees from AYS has volunteered to participate in the Community Tree Planting Programme at Kuala Langat Forest Reserve organised by the Selangor State Forestry Department (SSFD) and Global Environment Centre (GEC) in partnership with various corporates. Through this programme,

AYS's employees have trekked and hiked for over to the site in the forest where we have planted 50 trees. This tree planting activity contributes in restoring the forest connectivity, as well as to raise awareness about the needs of saving trees on the issue of climate change and environmental degradation in general.



Pantai Redang which is situated in a tourist hotspot in Sekinchan, Selangor, gathers thousands of tourists worldwide daily. To help to keep the cleanliness of the beach besides benefit to the ocean ecosystem, a total of 28 AYS staff has volunteered to clean up the beach, and its surrounding. During our beach clean-up, we collected about 28 bags with full of scattered trash. This activity has successfully brought togetherness of AYS staff, as a way to raise awareness about the oceans' growing pollution problem as well as the responsibilities to protect and preserve the nature.



In-conjunction with Chinese New Year 2023, AYS has organised a cloth recycling programme aims to minimise the environmental impact of textile waste as well as raise people's awareness of the fact that old textiles can be either donated and reused by people in need or recycled. We managed to collect tons of old clothing and have been donated to the underprivileged people, re-purpose or upcycle it to other items and recycle it for other purposes.

SUSTAINABILITY STATEMENT

CONT'D

CONCLUSION

In FY2023, the world embarked on the recovery path and looked forward for a dynamic and inclusive economy in the post-pandemic new normal. However, the recovering and rebuilding from Covid-19 has been constrained by the elevated uncertainties cloud economic outlook and geopolitical around the world and the unpredictable effects of climate change.

Despite the continued macro-economic challenges, our commitment to being an Environmental, Social and Governance (“ESG”) compliance entity remains unchanged.

As we step into FY2024, 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 ESG matters 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 2023 (“financial year 2023”), 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

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*

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.

For the financial year 2023, the Board was 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*

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 2023, the Board comprised of five (5) Independent Non-Executive Directors and three (3) Executive Directors. 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 5.2 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 2023 applied the principle in the Practice 5.3 to seek Shareholders' approval for retention of long serving director on a single-tier basis.

The Company has adopted a policy on diversity of gender, ethnicity and age. 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 2023, women directors form 25% of the Board members. The age of the Directors ranges from 43 to 84 as the Board believes that this creates an environment where each generation brings different skills, experience, and talents to the Board.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Board Responsibilities *cont'd*

Board Composition and Balance *cont'd*

During the financial year 2023, 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 2023. 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
Abd Malik Bin A Rahman (Appointed 21 July 2022)	3/3	100
Oh Chiew Ho	4/4	100
Oh Yung Sim	4/4	100
Oh Pooi Foon	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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Board Responsibilities *cont'd*

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.

For the financial year 2023, the Nomination Committee comprised wholly of Independent Non-Executive Directors as follows:

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

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

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

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

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

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

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

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

Directors' Training

All the Directors who were appointed have attended the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and they have also attended external training courses and programmes during the financial year 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Board Responsibilities *cont'd*

Directors' Training *cont'd*

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 2023.

Director	Training attended	Date
Haji Mohd Sharif Bin Haji Yusof	Bursa Malaysia Sustainability Disclosure Review 2021	24 May 2022
	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Corporate Governance Monitor 2022	18 February 2023
Oh Chiew Ho	Awareness Workshop on Legal Standards, Compliances and Implication on Force Labour	15 April 2022
	Bursa Malaysia Sustainability Disclosure Review 2021	24 May 2022
	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Corporate Governance Monitor 2022	18 February 2023
Oh Pooi Foon	Awareness Workshop on Legal Standards, Compliances and Implication on Force Labour	15 April 2022
	Bursa Malaysia Sustainability Disclosure Review 2021	24 May 2022
	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Corporate Governance Monitor 2022	18 February 2023
	DX Leaders Strategy Forum	9 March 2023
Oh Yung Sim	Awareness Workshop on Legal Standards, Compliances and Implication on Force Labour	15 April 2022
	Bursa Malaysia Sustainability Disclosure Review 2021	24 May 2022
	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Corporate Governance Monitor 2022	18 February 2023
Seow Nyoke Yoong	Minority Shareholders' Right	27 April 2022
	Creating Competitive Advantage Through Sustainability	11 May 2022
	Bursa Malaysia Sustainability Disclosure Review 2021	24 May 2022
	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Conversation with Audit Committee – Session 2	6 December 2022
	Accelerating Sustainability for Corporate Malaysia	7 December 2022
	Corporate Governance Monitor 2022	18 February 2023
	Malaysia's Corporate Taxes and Incentives Updates	9 March 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Board Responsibilities *cont'd*

Directors' Training *cont'd*

Director	Training attended	Date
Mohamad Fazlin Bin Mohamad	Bursa Malaysia Sustainability Disclosure Review 2021	24 May 2022
	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Corporate Governance Monitor 2022	18 February 2023
Dato' Wan Hashim Bin Jusoh	Bursa Malaysia Sustainability Disclosure Review 2021	24 May 2022
	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Corporate Briefing on Sustainability & ESG	29 August 2022
	Managing Your Transfer Pricing Risk	7 October 2022
	ESG Disclosure: Development & Future Trend	1 December 2022
	Preparing for Corporate Liability Provision	14 December 2022
	Corporate Governance Monitor 2022	18 February 2023
Abd Malik Bin A Rahman	Guide Book on Public Listed Companies Transformation Programme	23 August 2022
	Can America Stop China's Rise & Will ASEAN be damaged?	12 January 2023
	Corporate Governance Monitor 2022	18 February 2023
	2023 Budget Webinar	9 March 2023

Directors' Remuneration

For the financial year 2023, the Remuneration Committee comprised 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 2023 to review the Non-Executive Directors' fees and allowance, remuneration package, including the annual bonuses and increments of the Executive Directors and Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Board Responsibilities *cont'd*

Directors' Remuneration *cont'd*

Details of Directors' remuneration for the financial year 2023 are set out as below:

Company level

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Meeting & Other Allowances (RM'000)	Statutory Contribution (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
Haji Mohd Sharif Bin Haji Yusof	76.0	-	12.0	-	-	88.0
Seow Nyoke Yoong	77.5	-	12.0	-	-	89.5
Mohamad Fazlin Bin Mohamad	80.0	-	12.0	-	-	92.0
Dato' Wan Hashim Bin Wan Jusoh	70.0	-	9.0	-	-	79.0
Abd Malik Bin A Rahman	49.3	-	6.0	-	-	55.3
Toh Tuan Sun	9.0	-	-	-	-	9.0
Oh Chiew Ho	36.0	-	-	-	-	36.0
Oh Pooi Foon	36.0	-	-	-	-	36.0
Oh Yung Sim	36.0	-	-	-	-	36.0

Group level

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Meeting & Other Allowances (RM'000)	Statutory Contribution (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
Haji Mohd Sharif Bin Haji Yusof	76.0	-	12.0	-	-	88.0
Seow Nyoke Yoong	77.5	-	12.0	-	-	89.5
Mohamad Fazlin Bin Mohamad	80.0	-	12.0	-	-	92.0
Dato' Wan Hashim Bin Wan Jusoh	70.0	-	9.0	-	-	79.0
Abd Malik Bin A Rahman	49.3	-	6.0	-	-	55.3
Toh Tuan Sun	9.0	75.0	-	14.4	107.5	205.9
Oh Chiew Ho	36.0	3,636.9	-	264.9	28.0	3,965.8
Oh Pooi Foon	36.0	1,071.2	-	203.2	28.0	1,338.4
Oh Yung Sim	36.0	897.5	-	169.1	13.3	1,115.9

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Board Responsibilities *cont'd*

Directors' Remuneration *cont'd*

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 pages 16 to 17 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 2023, the Directors have attended various professional training programmes, particularly related to sustainability issues in keeping themselves abreast on the arising challenges resulted from the ever-changing business environment.

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
Abd Malik Bin A Rahman	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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Accountability And Audit *cont'd*

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

The Company has always recognised the need to uphold independence. None of the members of the current Board was a former key audit partner within the cooling-off period of two (2) years. The Company has 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 2024.

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.

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 outsourced. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

Code of Business Conduct, Whistleblowing Policy and Anti-Bribery & Corruption Rules *cont'd*

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.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year 2023, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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 2022, all Directors, including members of AC, NC and RC, attended and participated in the AGM.

Dialogue with Investors

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

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

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

The Company has established an Audit Committee and for the financial year ended 31 March 2023, the members of the Audit Committee were :

Mohamad Fazlin Bin Mohamad	Chairman (Independent Non-Executive Director)
Seow Nyoke Yoong	Member (Independent Non-Executive Director)
Haji Mohd Sharif Bin Haji Yusof	Member (Independent Non-Executive Director)
Dato' Wan Hashim Bin Wan Jusoh	Member (Independent Non-Executive Director)
Abd Malik Bin A Rahman	Member (Independent Non-Executive Director)

AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2023, 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 (Resigned 31 May 2023)	4/4
Haji Mohd Sharif Bin Haji Yusof (Resigned 31 May 2023)	4/4
Seow Nyoke Yoong	4/4
Dato' Wan Hashim Bin Wan Jusoh	4/4
Abd Malik Bin A Rahman (Appointed 21 July 2022)	3/3

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;

AUDIT COMMITTEE REPORT

CONT'D

FUNCTIONS OF AUDIT COMMITTEE *cont'd*

Risk Management and Internal Audit *cont'd*

4. To consider and approve the Annual Internal Audit Plan and programme and be satisfied as to the adequacy of coverage and audit methodologies employed;
5. To ensure that the system of internal control is soundly in place, effectively administered and regularly monitored and to review the extent of compliance with established internal policies, standards, plans and procedures;
6. To review and approve the reports on internal audit and risk management and to ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;
7. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations from the Audit Committee itself;
8. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
9. To review 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 on 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

14. To review the Statement on Risk Management and Internal Control and to prepare the Audit Committee Report for the Board's approval prior to inclusion in the Annual Report;
15. To carry out such other functions as may be directed by the Board.

AUDIT COMMITTEE REPORT

CONT'D

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2023, 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 2022 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 2022 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 2022 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 had served 10 years;
- ❖ Reviewed and discussed the half-yearly Enterprise Risk Management Reports for the period of January to June 2022 and July to December 2022;
- ❖ 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 30 May 2023.

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 28 November 2022. 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 2023, the following auditable areas were covered:

AYS Group (Malaysian Entities only)	<ul style="list-style-type: none"> Human Resources Management Payroll Processing
Manufacturing & Trading Divisions	<ul style="list-style-type: none"> Procurement Management Inventory Management

The Audit Committee noted the enhancements recommended by TASB on improving the process of creation and changes to standard operating procedures and policies of the HR function, training needs analysis, adopting better project management practices for its HR improvement activities, continuous improvement in its HR strategies development, manpower planning and also improving the effectiveness of overtime work monitoring. The Audit Committee also took note of Management's action and timeline to implement the recommendations to be reasonable.

The Audit Committee concurred with the findings and recommendation for improvements in the monitoring of its vendor's performances, further improvements to its physical stock count procedures and improving the timeliness of its deliveries to customers.

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 2023 for the Group amounted to RM64,000.00.

NOMINATION COMMITTEE REPORT

COMPOSITION

The Company has established a Nomination Committee comprising majority 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)
Muhamad 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 once during the financial year ended 31 March 2023.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2023, 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
- discussed the appointment of new Independent Director.
- reviewed and recommended the change in composition of the Board of subsidiary companies.

NOMINATION COMMITTEE REPORT

CONT'D

ACTIVITIES OF THE NOMINATION COMMITTEE *cont'd*

The Nomination Committee upon its annual assessment carried out for financial year 2023, 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 2023 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.

At the Committee meeting held on 24 May 2022, 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 (“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.

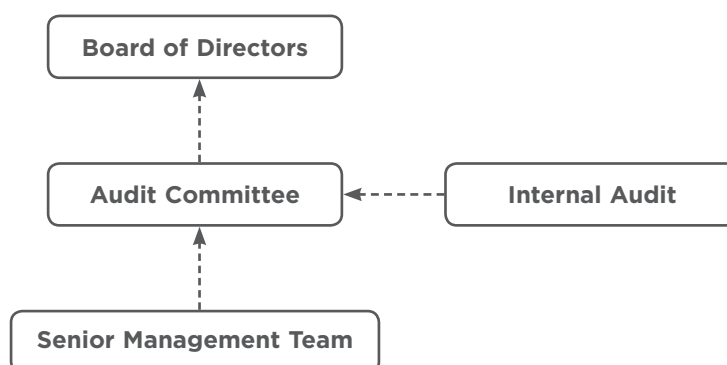
BOARD’S RESPONSIBILITY

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/Chief Executive Officer 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 2023. 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 30 May 2023.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no corporate proposal undertaken during the financial year.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to Grant Thornton Malaysia PLT for the services rendered for financial year ended 31 March 2023 is as follows:-

	Audit Fees	Non-Audit Fees
Company Level	RM24,000	RM5,000
Group Level	RM128,500	RM5,000

The non-audit fees was 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 2023.

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	42,033	5,571
Attributable to:-		
Owners of the Company	40,126	5,571
Non-controlling interests	1,907	-
	42,033	5,571

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 has declared and paid the following:-

	RM'000
In respect of the financial year ended 31 March 2022:	
Final single tier dividend of 1.0 sen per ordinary share paid on 17 October 2022	4,185

On 30 May 2023, the Directors recommended a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2023 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 2024.

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:-

Oh Chiew Ho*	
Oh Pooi Foon*	
Oh Yung Sim*	
Seow Nyoke Yoong	
Dato' Wan Hashim Bin Wan Jusoh	
Abd Malik Bin A Rahman	(appointed on 21.07.2022)
Toh Tuan Sun	(resigned on 30.06.2022)
Haji Mohd Sharif Bin Haji Yusof	(resigned on 31.05.2023)
Mohamad Fazlin Bin Mohamad	(resigned on 31.05.2023)

* *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 other than named above are as follows:-

Oh Yung Wooi
Oh Yung Kwan
Ang Tee Seng

DIRECTORS' REMUNERATION

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

	Group RM'000	Company RM'000
Directors' fee	470	470
Salaries and other emoluments	5,731	51
Defined contribution plans	649	-
Social security contributions	3	-
Other benefits	177	-
	7,030	521

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' REPORT

CONT'D

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:-

	At 1 April 2022	Number of ordinary shares		At 31 March 2023
		Bought	Sold	
Indirect interests				
Oh Chiew Ho #	264,707,360	-	-	264,707,360
Direct interest in the holding company, Chiew Ho Holding Sdn. Bhd.				
Oh Chiew Ho	51	-	-	51
Oh Pooi Foon	10	-	-	10
Oh Yung Sim	10	-	-	10

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

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

None of the other Directors in office at the end of the financial year had any interest in the shares of the Company and its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and of the Company amounted to RM26,687.

OTHER STATUTORY INFORMATION

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

- 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
- 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.

DIRECTORS' REPORT

CONT'D

OTHER STATUTORY INFORMATION *cont'd*

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

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:-

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

SIGNIFICANT EVENT AFTER THE REPORTING DATE

The significant event after the reporting date are disclosed in Note 38 to the Financial Statements.

AUDITORS

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

The amount of audit and other fees paid or payable to the Auditors by the Group and the Company for the financial year ended 31 March 2023 amounted to RM133,500 and RM29,000 respectively. Further details are disclosed in Note 28 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

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

OH CHIEW HO
DIRECTOR

OH POOI FOON
DIRECTOR

Klang
9 June 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 97 to 166 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 2023 and of their financial performance and their cash flows for the financial year then ended.

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

OH CHIEW HO

OH POOI FOON

Klang
9 June 2023

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 97 to 166 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)
9 June 2023)

TAY YEW THIAM
(MIA NO: 11391)
CHARTERED ACCOUNTANT

Before me:

Ramathilagam A/P T. Ramasamy
No: W671

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 2023 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 97 to 166.

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 2023, 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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 selling 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 testing samples of inventories to sales made subsequent to the reporting date.
- 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 result against historical trends of actual results.
- Checked the growth rate used did not exceed the growth rate of the trading industry in which the cash generating unit ("CGU") operate.
- Checked the discount rate used by comparing to the rate used are comparable to the related 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 subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the Financial Statements.

Other matter

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

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

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

Kuala Lumpur
9 June 2023

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	126,706	114,135	1	-
Right-of-use assets	5	17,543	3,139	-	-
Investment properties	6	56,798	46,786	-	-
Investment in subsidiaries	7	-	-	160,250	160,250
Investment in an associate	8	-	52	-	-
Goodwill on consolidation	9	6,039	6,039	-	-
Total non-current assets		207,086	170,151	160,251	160,250
Current assets					
Inventories	10	529,176	534,786	-	-
Trade receivables	11	321,565	334,674	-	-
Other receivables	12	14,016	9,658	38	25
Amount due from subsidiaries	13	-	-	64,688	63,524
Derivative financial instruments	14	870	83	-	-
Tax recoverable		3,665	563	-	-
Short term deposits with licensed banks	15	2,130	9,870	-	-
Cash and bank balances		23,075	34,694	260	61
Total current assets		894,497	924,328	64,986	63,610
Total assets		1,101,583	1,094,479	225,237	223,860
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	218,553	218,553	218,553	218,553
Capital reserve	17	2,320	2,320	-	-
Merger deficit	18	(153,190)	(153,190)	-	-
Revaluation reserve	19	26,075	14,793	-	-
Foreign exchange reserve	19	1,503	318	-	-
Retained earnings		348,158	312,217	6,398	5,012
		443,419	395,011	224,951	223,565
Non-controlling interests	7(a)	19,607	16,256	-	-
Total equity		463,026	411,267	224,951	223,565

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2023

CONT'D

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	7,424	6,519	-	-
Bank borrowings	21	34,322	37,569	-	-
Lease liabilities	22	25,439	13,736	-	-
Total non-current liabilities		67,185	57,824	-	-
Current liabilities					
Trade payables	23	138,777	177,964	-	-
Other payables	24	22,693	23,197	210	216
Bank borrowings	21	402,821	403,622	-	-
Lease liabilities	22	5,177	2,474	-	-
Tax payable		1,904	18,131	76	79
Total current liabilities		571,372	625,388	286	295
Total liabilities		638,557	683,212	286	295
Total equity and liabilities		1,101,583	1,094,479	225,237	223,860

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 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Revenue	25	1,313,765	1,116,486	5,600	14,000
Cost of sales		(1,167,079)	(891,898)	-	-
Gross profit		146,686	224,588	5,600	14,000
Other income	26	5,810	6,902	-	-
Selling and distribution expenses		(17,394)	(12,334)	-	-
Administration expenses		(49,572)	(48,257)	(981)	(1,003)
Other expenses		(9,841)	(11,951)	-	(8)
Impairment loss on financial assets		(2,586)	(3,912)	-	-
Operating profit		73,103	155,036	4,619	12,989
Finance income	27	525	772	1,218	334
Finance costs	27	(18,942)	(10,363)	-	-
Share of results of an associate	8	(52)	27	-	-
Profit before tax	28	54,634	145,472	5,837	13,323
Tax expense	29	(12,601)	(28,948)	(266)	(79)
Net profit for the financial year		42,033	116,524	5,571	13,244
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences for foreign operation		2,629	395	-	-
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Revaluation of land and buildings		12,396	-	-	-
Deferred tax relating to revaluation of land and buildings		(1,114)	-	-	-
Other comprehensive income for the financial year, net of tax		13,911	395	-	-
Total comprehensive income for the financial year		55,944	116,919	5,571	13,244

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 March 2023

CONT'D

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Net profit for the financial year attributable to:-					
Owners of the Company		40,126	101,428	5,571	13,244
Non-controlling interests		1,907	15,096	-	-
		42,033	116,524	5,571	13,244
Total comprehensive income attributable to:-					
Owners of the Company		52,593	101,823		
Non-controlling interests		3,351	15,096		
		55,944	116,919		
Earnings per share					
Basic/Diluted earnings per ordinary share attributable to owners of the Company (RM)	30	0.10	0.26		

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2023

Attributable to owners of the Company									
Non-distributable									
Distributable									
Note	Share capital RM'000	Capital reserve RM'000	Merger deficit RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
Balance at 1 April 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)
Transactions with owner:									
Dividends paid to owners of the Company	33	-	-	-	-	(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
Foreign currency translation differences for foreign operation	-	-	-	1,185	-	-	1,185	1,444	2,629
Revaluation of land and buildings	-	-	-	-	11,282	-	11,282	-	11,282
Net profit for the financial year	-	-	-	-	-	40,126	40,126	1,907	42,033
Total comprehensive income for the financial year	-	-	-	1,185	11,282	40,126	52,593	3,351	55,944
Transactions with owner:									
Dividends paid to owners of the Company	33	-	-	-	-	(4,185)	(4,185)	-	(4,185)
Balance at 31 March 2023	218,553	2,320	(153,190)	1,503	26,075	348,158	443,419	19,607	463,026

463,026

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2023

CONT'D

		Attributable to owners of the Company						
		Non-distributable				Distributable		
Note	Share capital RM'000	Capital reserve RM'000	Merger deficit RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
								Total equity RM'000
Company								
Balance at 1 April 2021	190,209	-	-	-	-	3,751	193,960	-
Total comprehensive income for the financial year	-	-	-	-	-	13,244	13,244	-
Transactions with owner:								
Dividends paid to owners of the Company	33	-	-	-	-	(11,983)	(11,983)	-
Issuance of shares under private placement	16	28,344	-	-	-	-	28,344	-
Balance at 31 March 2022	218,553	-	-	-	-	5,012	223,565	-
Total comprehensive income for the financial year	-	-	-	-	-	5,571	5,571	-
Transactions with owner:								
Dividends paid to owners of the Company	33	-	-	-	-	(4,185)	(4,185)	-
Balance at 31 March 2023	218,553	-	-	-	-	6,398	224,951	-

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2023

Note	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
OPERATING ACTIVITIES				
Profit before tax	54,634	145,472	5,837	13,323
Adjustments for:-				
Depreciation of property, plant and equipment	2,030	2,342	-	-
(Gain)/Loss on disposal of property, plant and equipment	(70)	746	-	-
Property, plant and equipment written off	6	173	-	-
Reversal of impairment loss on property, plant and equipment	-	(184)	-	-
Depreciation of right-of-use assets	5,341	2,183	-	-
Loss on disposal of right-of-use assets	-	33	-	-
Gain on fair value adjustments on investment properties	(1,144)	(590)	-	-
Loss on disposal of investment properties	-	42	-	-
Allowance for slow moving and obsolete inventories	837	2,045	-	-
Reversal of allowance for slow moving and obsolete inventories	-	(1,651)	-	-
Inventories written down	-	472	-	-
Impairment loss on trade receivables	2,586	3,912	-	-
Bad debts recovered	(327)	(167)	-	-
Bad debts written off	-	518	-	-
Finance costs	20,291	11,039	-	-
Finance income	(525)	(772)	(1,218)	(334)
Unrealised (gain)/loss on foreign exchange	(3,688)	462	-	-
Share of results of an associate	52	(27)	-	-
Operating profit before working capital changes	80,023	166,048	4,619	12,989
Changes in working capital:-				
Inventories	18,603	(255,825)	-	-
Receivables	16,518	(88,523)	(13)	(1)
Payables	(56,756)	85,119	(6)	(3)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2023

CONT'D

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES <i>cont'd</i>					
Cash generated from/(used in) operations		58,388	(93,181)	4,600	12,985
Net tax paid		(32,101)	(8,702)	(269)	-
Finance costs paid		(20,291)	(11,039)	-	-
Finance income received		525	772	1,218	334
Net cash from/(used in) operating activities		6,521	(112,150)	5,549	13,319
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(2,206)	(45,111)	(1)	-
Purchase of right-of-use assets	A	(8)	-	-	-
Purchase of investment properties		(8,868)	(2,693)	-	-
Proceeds from disposal of property, plant and equipment		71	10,947	-	-
Proceeds from disposal of right-of-use assets		-	134	-	-
Proceeds from disposal of investment properties		-	150	-	-
Advances to subsidiaries		-	-	(1,164)	(29,631)
Net cash used in investing activities		(11,011)	(36,573)	(1,165)	(29,631)
FINANCING ACTIVITIES					
Dividends paid		(4,185)	(11,983)	(4,185)	(11,983)
Payment of principal portion of lease liabilities		(5,337)	(2,614)	-	-
Net proceeds from issuance of shares		-	28,344	-	28,344
Drawdown from bankers' acceptance/trust receipts		1,028,879	950,655	-	-
Repayments of bankers' acceptance/trust receipts		(1,104,550)	(826,409)	-	-
Drawdown from onshore foreign currency loans		138,232	26,066	-	-
Repayments of onshore foreign currency loans		(68,439)	(7,384)	-	-
Repayments of revolving credit		-	(20,607)	-	-
Drawdown from term loan		-	25,800	-	-
Repayments of term loan		(2,918)	-	-	-
		(18,318)	161,868	(4,185)	16,361

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2023

CONT'D

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
CASH AND CASH EQUIVALENTS					
Net changes		(22,808)	13,145	199	49
At beginning of financial year		44,564	31,483	61	12
Effect on foreign exchange differences		619	(64)	-	-
At end of financial year	B	22,375	44,564	260	61

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:-

	Note	Group	
		2023 RM'000	2022 RM'000
Additions of right-of-use assets	5	19,523	3,864
Additions of lease liabilities	22	(19,515)	(3,864)
Cash additions		8	-

B. CASH AND CASH EQUIVALENTS

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

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances		23,075	34,694	260	61
Short term deposits with licensed banks		2,130	9,870	-	-
Bank overdraft	21	(2,830)	-	-	-
		22,375	44,564	260	61

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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 9 June 2023.

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 2023

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 2022.

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:

MFRS and Amendments to MFRSs effective 1 January 2023:

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	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112 [*]	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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*

Amendments to MFRSs effective 1 January 2024:-

Amendments to MFRS 16*	Leases - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Presentation of Financial Statements - Non-current Liabilities with Covenants

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10* and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* *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. 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 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 2023

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 2023, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. 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 and the Company's assets.

The carrying amount of the Group's and the Company'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 2023

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 2023

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

3.1.2 Basis of consolidation *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

3.1.3 Business combinations and goodwill *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

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.

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 gain 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.2 Property, plant and equipment

Property, plant and equipment except for land and buildings are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company 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 reserve' 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 and the Company recognise such cost as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Buildings	2%
Machinery and equipment	10% - 33.3%
Motor vehicles and others	10% - 20%
Office equipment	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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.2 Property, plant and equipment *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Financial instruments *cont'd*

3.5.1 Financial assets *cont'd*

Subsequent measurement *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Financial instruments *cont'd*

3.5.1 Financial assets *cont'd*

Impairment *cont'd*

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 2023

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 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Financial instruments *cont'd*

3.5.4 Derivative financial instruments

The Group 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 2023

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.

Bank overdraft are shown in current liabilities in the statements of financial position.

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 2023

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
Warehouses	3 to 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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 *cont'd*

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, reserves and distribution to owners

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.

Revaluation reserve within equity comprise gains arising from the revaluation of land and buildings.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.10 Equity, reserves and distribution to owners *cont'd*

Retained earnings include all current year's profit and prior years' retained earnings.

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.

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 2023

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 from contract with customers

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. Revenue from sales of goods are measured at the fair value of the consideration received or receivable, net of trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

The Group recognises contract revenue over the period by reference to the progress towards complete satisfaction of the performance obligations. The progress towards complete satisfaction is measured based on the customers' acknowledgement of the performance obligations transferred by the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.12 Revenue and other income *cont'd*

3.12.1 Revenue from contract with customers *cont'd*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.12.2 Finance income

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

3.12.3 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.14 Employees benefits *cont'd*

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 expense

Tax expense comprises 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).

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Tax expense *cont'd*

3.15.2 Deferred tax *cont'd*

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.

4. PROPERTY, PLANT AND EQUIPMENT

Company	Office equipment RM'000
Cost	
At 1 April 2021/31 March 2022	-
Additions	1
At 31 March 2023	1
Accumulated depreciation	
At 1 April 2021/31 March 2022/31 March 2023	-
Net carrying amount	
At 31 March 2023	1
At 31 March 2022	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

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

	← At valuation →		← At cost →		
	Land	Buildings	Machinery and equipment	Motor vehicles and others	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation					
At 1 April 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)
Transferred from investment properties	-	200	-	-	200
Translation differences	-	-	1	3	4
At 31 March 2022	91,332	16,903	18,400	11,264	137,899
Additions	55	-	34	2,117	2,206
Disposals	-	-	(1)	(1,239)	(1,240)
Written off	-	-	(11)	(76)	(87)
Fair value adjustment	12,014	(372)	-	-	11,642
Translation differences	-	-	26	20	46
At 31 March 2023	103,401	16,531	18,448	12,086	150,466
Accumulated depreciation					
At 1 April 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
At 31 March 2022	-	1,462	12,332	9,840	23,634
Charge for the financial year	-	324	1,254	452	2,030
Disposals	-	-	(1)	(1,108)	(1,109)
Written off	-	-	(10)	(71)	(81)
Fair value adjustment	-	(754)	-	-	(754)
Translation differences	-	-	18	22	40
At 31 March 2023	-	1,032	13,593	9,135	23,760

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

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

	← At valuation →		← At cost →		Total
	Land	Buildings	Machinery and equipment	Motor vehicles and others	
Group <i>cont'd</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated impairment losses					
At 31 March 2021	-	-	-	314	314
Reversed for the financial year	-	-	-	(184)	(184)
At 31 March 2022	-	-	-	130	130
Disposals	-	-	-	(130)	(130)
At 31 March 2023	-	-	-	-	-
Net carrying amount					
At 31 March 2023	103,401	15,499	4,855	2,951	126,706
At 31 March 2022	91,332	15,441	6,068	1,294	114,135

Reversal of impairment losses due to disposal being made to the corresponding assets during the financial year.

- (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 has 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 2023 by Savills (Malaysia) Sdn. Bhd., an independent professional valuer.

Comparison method was adopted in arriving at the market value of the land and buildings. Comparison method entails sales price of comparable properties in close proximity are adjusted for differences in key attributes such as location, accessibility, market conditions and property size. The most significant input into this valuation approach is price per square foot of comparable properties. In estimating the fair value of the properties, the highest and 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 are shown as revaluation reserve under the equity.

The fair value of land and buildings are categorised as Level 2 of the fair values hierarchy determined using the comparison method. There was no transfer (2022: no transfer) between the fair value hierarchy during the financial year.

Had the land and buildings of the Group been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM72,281,000 (2022: RM72,552,000).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

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

(c) Transfer from investment properties

In prior year, a building was transferred from investment properties due to no longer lease 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 RM46,000,000 (2022: RM44,732,000) has been charged to a licensed bank to secure banking facilities granted to a subsidiary of the Company.

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

	2023 RM'000	2022 RM'000
Proceeds from disposal property, plant and equipment	71	10,947
Less: Net book value of property, plant and equipment	(1)	(10,945)
Less: Direct cost attributable to disposal	-	(36)
Less: Provision for Real Property Gain Tax	-	(712)
Gain/(Loss) on disposal of property, plant and equipment	70	(746)

5. RIGHT-OF-USE ASSETS

Group	Hostels RM'000	Office buildings/ warehouses RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 April 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
Additions	-	19,080	443	19,523
Reversal due to lease term ended	-	(55)	-	(55)
Translation differences	-	374	-	374
At 31 March 2023	109	26,437	1,998	28,544

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

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

Group <i>cont'd</i>	Hostels RM'000	Office buildings/ warehouses RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation				
At 1 April 2021	76	2,594	938	3,608
Charge for the financial year	31	1,800	352	2,183
Disposals	-	-	(228)	(228)
Reversal due to termination	(42)	-	-	(42)
Translation differences	-	42	-	42
At 31 March 2022	65	4,436	1,062	5,563
Charge for the financial year	32	5,037	272	5,341
Reversal due to lease term ended	-	(55)	-	(55)
Translation differences	-	152	-	152
At 31 March 2023	97	9,570	1,334	11,001
Net carrying amount				
At 31 March 2023	12	16,867	664	17,543
At 31 March 2022	44	2,602	493	3,139

(a) The lease of right-of-use assets typically run for periods 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.

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 2021	32,068	11,810	-	43,878
Fair value adjustment	590	-	-	590
Additions	-	-	2,693	2,693
Disposals	(175)	-	-	(175)
Transferred to property, plant and equipment	(200)	-	-	(200)
At 31 March 2022	32,283	11,810	2,693	46,786
Fair value adjustment	(2,146)	3,290	-	1,144
Additions	-	-	8,868	8,868
Reclassification	11,561	-	(11,561)	-
At 31 March 2023	41,698	15,100	-	56,798

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

CONT'D

6. INVESTMENT PROPERTIES *cont'd*

	Group	
	2023	2022
	RM'000	RM'000
Rental income	(977)	(1,165)
Direct operating expenses:-		
- Income generating investment properties	96	294
- Non-income generating investment properties	20	18

The title deed of buildings of the Group with fair value of RM3,040,000 (2022: RM2,840,000) 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 2023 by Savills (Malaysia) Sdn. Bhd., an independent professional valuer.

Comparison method was adopted in arriving at the market value of the land and buildings. Comparison method entails sales price of comparable properties in close proximity are adjusted for differences in key attributes such as location and accessibility, property size. The most significant input into this valuation approach is price per square foot of comparable properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There have been no changes to the valuation technique during the year.

The fair value of land and buildings are categorised as Level 2 of the fair values hierarchy determined using the comparison method. There was no transfer (2022: no transfer) between the fair value hierarchy during the financial year.

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

	2023	2022
	RM'000	RM'000
Proceeds from disposal of investment properties	-	150
Less: Cost of investment properties	-	(175)
Less: Direct cost attributable to disposal	-	(2)
Less: Provision for Real Property Gain Tax	-	(15)
Loss on disposal of investment properties	-	(42)

(c) 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.

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6. INVESTMENT PROPERTIES *cont'd*

(d) Transfer to property, plant and equipment

In prior year, a building was transferred to property, plant and equipment due to no longer lease to a third party and was used by the Group.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares at cost	160,250	160,250

Details of the subsidiaries are as follows:-

	Place of incorporation and business	Effective interest		Principal activity
		2023 %	2022 %	
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				
Held through Ann Yak Siong Hardware Sdn. Bhd.				
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	Dormant
CH Yodoform Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of steel purlin, IBS steel structural component and other steel products
Held through AYS Metal Products & Engineering Sdn. Bhd.				
AYS Metal Trading Sdn. Bhd.	Malaysia	99	99	Dormant
Held through CH Yodoform Sdn. Bhd.				
CH Yodoform Trading Sdn. Bhd.	Malaysia	100	100	Dormant

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7. INVESTMENT IN SUBSIDIARIES *cont'd*

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

	Place of incorporation and business	Effective interest		Principal activity
		2023	2022	
		%	%	
Indirect subsidiaries				
Held through AYS Capital Sdn. Bhd.				
Steelaris Pte. Ltd.+	Singapore	51	51	Trading of steel products
Ann Yak Siong (Singapore) Pte. Ltd.+^	Singapore	100	-	Dormant

+ Audited by firm other than Grant Thornton Malaysia PLT.

^ Incorporated on 10 October 2022.

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

	Steelaris Pte. Ltd. RM'000	Other subsidiary with immaterial NCI RM'000	Total RM'000
2023			
Effective interest equity (%)	51%	-	
Carrying amount of NCI	19,570	37	19,607
Profit allocated to NCI	3,350	1	3,351
2022			
Effective interest equity (%)	51%	-	
Carrying amount of NCI	16,220	36	16,256
Profit/(Loss) allocated to NCI	15,102	(6)	15,096

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7. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) Non-controlling interests ("NCI") in subsidiaries *cont'd*

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

	Steelar Pte. Ltd.	
	2023	2022
	RM'000	RM'000
Financial position as at 31 March		
Non-current assets	15,497	2,699
Current assets	297,352	315,654
Non-current liabilities	(19,897)	(12,597)
Current liabilities	(252,936)	(272,260)
Net assets	40,016	33,496
Summary of financial performance for the financial year ended 31 March		
Revenue	487,392	357,307
Profit for the financial year	3,889	30,819
Total comprehensive income for the financial year	6,836	30,819
Summary of cash flows for the financial year ended 31 March		
Net cash inflows from operating activities	8,812	9,544
Net cash outflows from investing activities	(21)	(40)
Net cash outflows from financing activities	(8,735)	(13,028)

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At cost				
Unquoted shares in Malaysia	450	450	450	450
Impairment loss	-	-	(450)	(450)
Share of results of associate	(450)	(398)	-	-
	-	52	-	-

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8. INVESTMENT IN AN ASSOCIATE *cont'd*

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

Name of company	Place of incorporation and business	Effective interest		Principal activity
		2023	2022	
		%	%	
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	
	2023	2022
	RM'000	RM'000
Cost		
At 1 April/31 March	6,039	6,039

The goodwill mainly arising from the acquisition of Steelaris Pte. Ltd. by comparing the purchase consideration with the net assets acquired. 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	
	2023	2022	2023	2022
Steelaris Pte. Ltd.	5%	3%	6%	7%

(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.

With regards to the assessment of goodwill, the Management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

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10. INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
At carrying amount:-		
Raw materials	8,655	6,263
Work-in-progress	2,389	3,779
Finished goods	496,529	490,398
Goods in transit	21,603	34,346
	529,176	534,786
Recognised in profit or loss:-		
Inventories recognised as cost of sales	1,076,701	882,901
Allowance for slow moving and obsolete inventories	837	2,045
Inventories written down	-	472
Reversal of allowance for slow moving and obsolete inventories	-	(1,651)

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

11. TRADE RECEIVABLES

	Group	
	2023	2022
	RM'000	RM'000
Trade receivables	331,750	342,254
Less: Allowance for expected credit loss		
At beginning of financial year	(7,580)	(7,582)
Recognised	(2,586)	(3,912)
Written off	-	3,928
Translation differences	(19)	(14)
At end of financial year	(10,185)	(7,580)
	321,565	334,674

Trade receivables are generally on 0 to 150 (2022: 0 to 150) days term.

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12. OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	6,885	3,845	-	-
Goods and services tax receivable	826	-	-	-
Deposits	2,542	1,647	5	5
Prepayments	3,763	4,166	33	20
	14,016	9,658	38	25

The goods and services tax receivable is recoverable from the foreign taxation authority which the tax is a consumption tax based on value-added concept at the applicable tax rate prevailing in the foreign jurisdiction.

13. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries is non-trade in nature, unsecured and repayable on demand. Included in the amount of RM64,531,808 (2022: RM37,746,184) bearing an interest rate ranged from 1.59% to 2.34% (2022: 1.34%) per annum.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2023	2022
	RM'000	RM'000
Forward currency contracts		
Contract/notional amount	196,697	184,078
Assets at carrying amount/fair value	870	83

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 (2022: 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 1.30% to 2.65% (2022: 1.00% to 1.55%) per annum with maturity dates of 2 to 13 days (2022: 1 days to 12 days).

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16. SHARE CAPITAL

Group and Company	Ordinary shares		Amount	
	2023 Unit'000	2022 Unit'000	2023 RM'000	2022 RM'000
Issued and fully paid with no par value:-				
At 1 April	418,459	380,418	218,553	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	418,459	218,553	218,553

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 RESERVE AND FOREIGN EXCHANGE RESERVE

Revaluation reserve relates to the revaluation gain on the land and buildings of the Group.

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

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20. DEFERRED TAX LIABILITIES

	Group	
	2023	2022
	RM'000	RM'000
At 1 April	6,519	6,443
Recognised in profit or loss (Note 29)	(209)	(559)
Recognised in other comprehensive income	1,114	-
Transferred from revaluation reserve	-	635
At 31 March	7,424	6,519

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

	Group	
	2023	2022
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	3,215	3,822
Revaluation of investment properties	394	226
Revaluation of land and buildings	4,532	3,418
Impairment loss on trade receivables	(717)	(947)
	7,424	6,519

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	
	2023	2022
	RM'000	RM'000
Right-of-use assets and lease liabilities	11,395	12,960
Unabsorbed business losses	3,078	3,197
Unutilised reinvestment allowances	2,139	2,139
Others	198	275
	16,810	18,571

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20. DEFERRED TAX LIABILITIES *cont'd*

The Group's unabsorbed business losses and unutilised reinvestment allowances amounting to RM3,078,000 and RM2,139,000 (2022: RM3,197,000 and RM2,139,000) respectively can be carried forward to offset against future taxable profits.

The unabsorbed business losses is available for carry forward for a period of 10 (2022: 10) consecutive years. Upon expiry of the 10 years, the unabsorbed tax losses will be disregarded.

The expiry date of the unabsorbed business losses are as follow:-

	Group	
	2023	2022
	RM'000	RM'000
Year of assessment 2028	1,444	1,444
Year of assessment 2030	1,218	1,349
Year of assessment 2032	404	404
Year of assessment 2033	12	-
	3,078	3,197

21. BANK BORROWINGS

	Group	
	2023	2022
	RM'000	RM'000
Non-current		
Term loans	34,322	37,569
Current		
Bank overdraft	2,830	-
Bankers' acceptance/Trust receipts	307,815	381,516
Onshore foreign currency loans	88,072	18,331
Term loans	4,104	3,775
	402,821	403,622
	437,143	441,191

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

A term loan facility is secured by a land as disclosed in Note 4 to the Financial Statements. The repayment terms for the term loan amounted to RM25,800,000 are repayable over 120 monthly installments 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 installments. The remaining balance of RM12,626,000 is repayable by 36 equal monthly installments.

The bank borrowings of the Group bear interest at rates ranging from 2.31% to 8.09% (2022: 1.37% to 6.40%) per annum.

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22. LEASE LIABILITIES

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

	Group	
	2023	2022
	RM'000	RM'000
At 1 April	16,210	14,945
Additions	19,515	3,864
Accretion of interest	1,414	723
Reversal due to termination	-	(10)
Payment made*	(6,751)	(3,337)
Translation difference	228	25
At 31 March	30,616	16,210
Current	5,177	2,474
Non-current	25,439	13,736
	30,616	16,210

The Group leases office buildings, warehouses and hostels under operating leases and motor vehicles under finance leases. The remaining lease term for the lease liabilities run for a period of 1 to 22 years.

These lease liabilities bear interests at rates ranged from 2.32% to 5.00% (2022: 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	
	2023	2022
	RM'000	RM'000
Depreciation expense of right-of-use assets	5,341	2,183
Interest expense on lease liabilities		
- Recognised as cost of sales	1,349	676
- Recognised as finance cost	65	47
Loss on disposal of right-of-use assets	-	33
Expense relating to low value assets*	112	79
Expense relating to short term lease*	220	111
	7,087	3,129

* Total cash outflows for leases as a lessee of the Group amounted to RM7,083,000 (2022: RM3,527,000).

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23. TRADE PAYABLES

The normal credit terms granted by the trade payables range from 0 to 180 (2022: 0 to 180) days term.

24. OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-trade payables	14,944	15,531	18	20
Accruals	6,258	6,400	192	196
Deposits	1,491	1,266	-	-
	22,693	23,197	210	216

25. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Types of revenue				
Sales of goods	1,275,122	1,116,486	-	-
Contract sales	38,643	-	-	-
Dividend income	-	-	5,600	14,000
	1,313,765	1,116,486	5,600	14,000
Timing of revenue recognition				
Goods transferred at a point in time	1,275,122	1,116,486	-	-
Contract sales satisfied overtime	38,643	-	-	-
	1,313,765	1,116,486	-	-

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, while the performance obligation of contract sales is satisfied progressively upon customers' acknowledgement on the sales.

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

There were remaining performance obligations unsatisfied in relation to the contract sales as at the reporting date and were expected to complete within one year.

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25. REVENUE *cont'd*

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.

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.

26. OTHER INCOME

	Group	
	2023	2022
	RM'000	RM'000
Bad debt recovered	327	167
Fair value gain on investment properties	1,144	590
Grants received	608	1,064
Other income	2,754	1,888
Rental income	977	1,165
Reversal for impairment loss on property, plant and equipment	-	184
Reversal of allowance for slow moving and obsolete inventories	-	1,651
Wages subsidy	-	193
	5,810	6,902

27. FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance income from:				
Cash and cash equivalents	89	58	-	-
Overdue accounts	436	650	-	-
Non-trade receivables	-	64	-	-
Subsidiaries	-	-	1,218	334
	525	772	1,218	334

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

	Group	
	2023	2022
	RM'000	RM'000
Finance costs on:		
Term loans	1,368	438
Bank overdrafts	124	29
Bankers' acceptance/Trust receipts	15,354	9,371
Onshore foreign currency loans	2,014	229
Revolving credit	-	247
Lease liabilities	65	47
Others	17	2
	18,942	10,363

28. PROFIT BEFORE TAX

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Grant Thornton Malaysia PLT				
- Statutory audit	129	121	24	16
- Others	5	5	5	5
- Other auditors	121	99	-	-
Lease for low-value assets:-				
- Office equipment	112	79	-	-
Short-term lease for:-				
- Office premises	220	111	-	-
Rental income	(977)	(1,165)	-	-
Realised gain on foreign exchange	(2,081)	(1,401)	-	-

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29. TAX EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Taxation:				
- current year	12,548	29,638	268	79
- Under/(over) provision in prior years	262	(131)	(2)	-
Deferred taxation (Note 20):				
- current year	34	518	-	-
- overprovision in prior years	(243)	(1,077)	-	-
	12,601	28,948	266	79

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax	54,634	145,472	5,837	13,323
Tax at 24% (2022: 24%)	13,112	34,913	1,401	3,198
Effect of tax rate in foreign jurisdictions	(573)	(1,066)	-	-
Non-allowable expenses	2,846	1,422	211	241
Income not subject to tax	(2,548)	(756)	(1,344)	(3,360)
Movement of deferred tax assets not recognised	(423)	(4,502)	-	-
Deferred tax arising from investment properties	168	145	-	-
Under/(Over)provision of taxation in prior years	262	(131)	(2)	-
Overprovision of deferred tax in prior years	(243)	(1,077)	-	-
Total tax expense	12,601	28,948	266	79

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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 RM40,126,000 (2022: RM101,428,000) over the weighted average number of shares during the financial year of 418,458,656 (2022: 395,946,722).

Diluted earnings per share

Diluted earnings per share equal to basic earnings per share as there are no potential dilutive ordinary shares as at reporting date.

31. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, fees and other emoluments	36,354	36,893	521	533
Defined contribution plans	4,067	4,316	-	-
Social security contributions	168	141	-	-
Other benefits	3,744	2,828	-	-
	44,333	44,178	521	533

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Directors:-</u>				
Directors' fee	470	488	470	488
Salaries and other emoluments	5,731	5,532	51	45
Defined contribution plans	649	1,033	-	-
Social security contributions	3	3	-	-
Other benefits	177	90	-	-
	7,030	7,146	521	533
<u>Other key management personnels:-</u>				
Salaries and other emoluments	9,092	11,637	-	-
Defined contribution plans	1,044	949	-	-
Social security contributions	17	14	-	-
Other benefits	49	268	-	-
	10,202	12,868	-	-
	17,232	20,014	521	533

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32. CAPITAL COMMITMENTS

	Group	
	2023	2022
	RM'000	RM'000
Property, plant and equipment:		
- Authorised but not contracted for	58,318	47,451
- Authorised and contracted for	3,592	9,705

33. DIVIDENDS

	RM'000
2023	
In respect for the financial year ended 31 March 2022:	
Final single-tier dividend of 1.0 sen per ordinary share	4,185
2022	
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

34. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Purchases of goods from related parties	13	27	-	-
Rental charged by related parties	794	394	-	-
Interest charged to related parties	-	(64)	-	-
Dividend received from a subsidiary	-	-	5,600	14,000
Interest charged to subsidiaries	-	-	(1,218)	(334)
Accounting fee charged by a subsidiary	-	-	62	62
Service fee charged by a related party	1,019	965	-	-

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 the companies.

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34. RELATED PARTY DISCLOSURES *cont'd*

(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.

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").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Group			
<u>2023</u>			
Financial assets			
Trade and other receivables	330,992	330,992	-
Short term deposits with licensed banks	2,130	2,130	-
Cash and bank balances	23,075	23,075	-
Derivative financial instruments	870	-	870
	357,067	356,197	870
Financial liabilities			
Trade and other payables	161,470	161,470	-
Bank borrowings	437,143	437,143	-
	598,613	598,613	-

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35. FINANCIAL INSTRUMENTS *cont'd*

35.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Group <i>cont'd</i>			
<u>2022</u>			
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	-

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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35. FINANCIAL INSTRUMENTS *cont'd*

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

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

(a) Credit risk *cont'd*

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

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

(i) Receivables

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

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

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

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

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Group			
<u>2023</u>			
Collectively impaired			
Current	146,290	(50)	146,240
1-30 days past due	76,803	(466)	76,337
31-60 days past due	50,158	(288)	49,870
61-90 days past due	15,503	(156)	15,347
More than 90 days past due	34,298	(527)	33,771
Credit impaired			
Individually impaired	8,698	(8,698)	-
	331,750	(10,185)	321,565

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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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:- *cont'd*

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Group <i>cont'd</i>			
<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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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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*

(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 RM617,683,000 (2022: RM558,254,000) in respect of corporate guarantees given to financial institutions for banking facilities granted to and utilised by the subsidiaries as at the end of the reporting year.

The Company monitors on an ongoing basis the results and repayments made by the subsidiaries. At the reporting date, there was no indication that the subsidiaries would default on repayment.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due.

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

Following are the areas where the Group and the Company are exposed to liquidity risks:

	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
Group					
<u>2023</u>					
Trade payables	138,777	138,777	138,777	-	-
Other payables	22,693	22,693	22,693	-	-
Bankers' acceptance/Trust receipts	307,815	312,298	312,298	-	-
Onshore foreign currency loans	88,072	88,072	88,072	-	-
Lease liabilities	30,616	39,490	6,466	17,695	15,329
Term loans	38,426	46,759	4,104	24,457	18,198
Total	626,399	648,089	572,410	42,152	33,527

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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35. FINANCIAL INSTRUMENTS *cont'd*

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

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

(b) Liquidity risk *cont'd*

Following are the areas where the Group and the Company are exposed to liquidity risks: *cont'd*

	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
Group <i>cont'd</i>					
<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 loans	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

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.

(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 United States Dollar ("USD"), Singapore Dollar ("SGD"), Australian Dollar ("AUD") and European Dollar ("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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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

	Denominated in			
	USD	SGD	AUD	EUR
	RM'000	RM'000	RM'000	RM'000
Group				
<u>2023</u>				
Derivative financial instruments	51,148	4,659	-	-
Cash and bank balances	7,143	10,820	-	-
Trade receivables	28,636	92,978	2,495	906
Trade payables	(88,104)	(33,607)	-	(2,248)
Bank borrowings	(108,576)	(17,733)	-	(729)
Other payables	(485)	(5,771)	-	(6)
	(110,238)	51,346	2,495	(2,077)
<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)
Bank borrowings	-	(18,355)	-	-
Other payables	(23)	(39)	-	-
	(128,741)	22,764	167	(234)

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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/total equity 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>2023</u>		
USD/RM		
- Strengthened 2.80%	(3,087)	(3,087)
- Weakened 2.80%	3,087	3,087
SGD/RM		
- Strengthened 2.50%	1,284	1,284
- Weakened 2.50%	(1,284)	(1,284)
<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)

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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35. FINANCIAL INSTRUMENTS *cont'd*

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

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

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Fixed rate borrowing is exposed to a risk of change in its fair value due to changes in interest rates. Variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Fixed rate instruments		
Short term deposits with licensed banks	2,130	9,870
Lease liabilities	(30,616)	(16,210)
	(28,486)	(6,340)
Floating rate instruments		
Bank overdraft	(2,830)	-
Bankers' acceptance/Trust receipts	(307,815)	(381,516)
Onshore foreign currency loans	(88,072)	(18,331)
Term loans	(38,426)	(41,344)
	(437,143)	(441,191)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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*

	Company	
	2023	2022
	RM'000	RM'000
Fixed rate instrument		
Amount due from subsidiaries	64,532	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 50 (2022: 40) 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:

	2023	2022
	RM'000	RM'000
Effect on profit/total equity for the financial year	(2,186)	(1,765)

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

35.3 Fair values of financial instruments

The carrying amounts of short term receivables and payables, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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35. FINANCIAL INSTRUMENTS *cont'd*

35.4 Reconciliation of liabilities arising from financing activities

Group	At 1 April RM'000	Cash flows RM'000	Others RM'000	At 31 March RM'000
<u>2023</u>				
Bankers' acceptance/Trust receipts	381,516	(75,671)	1,970 ⁽ⁱ⁾	307,815
Lease liabilities	16,210	(5,337)	19,743 ⁽ⁱⁱ⁾	30,616
Onshore foreign currency loans	18,331	69,793	(52) ⁽ⁱⁱⁱ⁾	88,072
Term loans	41,344	(2,918)	-	38,426
	457,401	(14,133)	21,661	464,929
<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

(i) Being translation differences.

(ii) This amount is net of additions of lease liabilities, reversal due to termination 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, 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 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 2023

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36. OPERATING SEGMENT *cont'd*

(a) Business segments *cont'd*

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group	Note	Manufacturing RM'000	Trading and services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
2023						
Revenue						
External customers		40,548	1,269,126	4,091	-	1,313,765
Inter-segment	i	9,738	215,567	5,920	(231,225)	-
Total revenue		50,286	1,484,693	10,011	(231,225)	1,313,765
Results:						
Finance income		(99)	(6,063)	(1,271)	6,908	(525)
Finance costs		197	26,023	1,057	(6,986)	20,291
Depreciation of property, plant and equipment		926	952	61	91	2,030
Depreciation of right-of-use assets		-	5,392	273	(324)	5,341
Gain on fair value adjustment on investment properties		-	(1,105)	(324)	285	(1,144)
Other non-cash expenses	ii	408	(662)	(75)	-	(329)
Income tax expense		998	11,624	468	(489)	12,601
Dividend income		-	1,450	-	(1,450)	-
Share of results of an associate		-	-	-	(52)	(52)
Segment profit		3,264	37,783	8,484	(7,498)	42,033
Assets:						
Additions to non-current assets	iii	66	20,909	11,726	(2,104)	30,597
Segment assets		36,287	1,212,854	267,305	(414,863)	1,101,583
Liabilities:						
Segment liabilities		11,362	830,152	41,238	(244,195)	638,557

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

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36. OPERATING SEGMENT *cont'd*

(a) Business segments *cont'd*

	Note	Manufacturing	Trading and services	Others	Adjustments and eliminations	Total as per consolidated financial statements
Group <i>cont'd</i>		RM'000	RM'000	RM'000	RM'000	RM'000
<u>2022</u>						
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 2023

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	
	2023	2022
	RM'000	RM'000
Property, plant and equipment written off	6	173
(Gain)/loss on disposal of property, plant and equipment	(70)	746
Reversal of impairment loss on property, plant and equipment	-	(184)
Loss on disposal of right-of-use assets	-	33
Loss on disposal of investment properties	-	42
Inventories written down	-	472
Allowance for slow moving and obsolete inventories	837	2,045
Reversal of allowance for slow moving and obsolete inventories	-	(1,651)
Impairment loss on trade receivables	2,586	3,912
Bad debts written off	-	518
Unrealised (gain)/loss on foreign exchange	(3,688)	462
	(329)	6,568

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

	Group	
	2023	2022
	RM'000	RM'000
Property, plant and equipment	2,206	45,111
Right-of-use assets	19,523	3,864
Investment properties	8,868	2,693
	30,597	51,668

NOTES TO THE FINANCIAL STATEMENTS

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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:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
	RM'000	RM'000	RM'000	RM'000
Malaysia	729,424	185,550	666,060	161,361
Singapore	392,854	15,497	382,917	2,699
Asia-Pacific economic cooperation countries	175,307	-	56,165	-
Other countries	16,180	-	11,344	-
	1,313,765	201,047	1,116,486	164,060

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

	Group	
	2023	2022
	RM'000	RM'000
Property, plant and equipment	126,706	114,135
Right-of-use assets	17,543	3,139
Investment properties	56,798	46,786
	201,047	164,060

(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 bank 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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37. CAPITAL MANAGEMENT *cont'd*

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

	Group	
	2023	2022
	RM'000	RM'000
Total borrowings	437,143	441,191
Less: Cash and cash equivalents	(25,205)	(44,564)
Net debts	411,938	396,627
Total equity	463,026	411,267
Debt-to-equity ratio	0.9:1.0	1.0:1.0

38. SIGNIFICANT EVENT AFTER THE REPORTING DATE

The Company had on 15 May 2023 via its subsidiary, Steellaris Pte. Ltd. incorporated a new wholly-owned subsidiary company namely SPL Services Sdn. Bhd. with share capital of RM1,000.

PROPERTIES HELD BY AYS VENTURES BERHAD AND ITS SUBSIDIARIES

as at 31 March 2023

Location	Tenure	Description	Area	Existing Use	Approx. Age of Building (No. of Years)	Date of Acquisition	Date of Revaluation	Net Book Value As At 31-03-2023 (RM'000)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse and Office	26	1-Oct-09	31-Mar-23	26,900
Lot 3845, Batu 7, Jalan Kapar/KU 7, 41050 Klang, Selangor	Freehold	Industrial Land & Building	1.397 acres	Warehouse and Office	14	20-Dec-01	31-Mar-23	9,000
Lot 3846, Batu 7 Jalan Kapar/KU 15, 42200 Kapar Selangor	Freehold	Industrial Land & Building	3.556 acres	Factory and Office	22	13-Oct-92	31-Mar-23	17,900
Lot 3348, KM 10, Jalan Kapar/ KU15, 41050 Klang, Selangor	Freehold	Industrial Land	4.342 acres	Open storage yard	-	22-Apr-96	31-Mar-23	18,900
Unit No. B-4-1, Level 4, Block B, BBK Condominium, Persiaran Bukit Raja 1, Bandar Baru Klang, 41150, Selangor	Leasehold (expiring on 09.05.2093)	Condominium	1,000 sq.ft.	Workers' Accommodation	23	26-Oct-95	31-Mar-23	200
HS (D) 165125, PT 84462, Mukim Kapar, Daerah Klang, Negeri Sembilan	Freehold	Industrial Land	23.510 acres	Open storage yard	-	16-Dec-20	31-Mar-23	46,000
Sub-Total (value of properties held as property, plant and equipment)								118,900
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	270,000 sq.ft.	Tenanted	1-6	27-Nov-17	31-Mar-23	38,000
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	25	15-Feb-94	31-Mar-23	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-23	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	6	7-Jan-15	31-Mar-23	2,900
35, Jalan i-Park SAC 4, Taman Perindustrian i-Park SAC, 81400 Senai, Johor	Freehold	1½ storey detached factory	42,528 sq.ft.	Tenanted	5	20-Apr-17	31-Mar-23	8,000

PROPERTIES HELD BY AYS VENTURES BERHAD AND ITS SUBSIDIARIES

as at 31 March 2023

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 31-03-2023 (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-23	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	17	30-Dec-04	31-Mar-23	455
Unit No C-2-11, Block C, Skudaivilla, Jalan Aman, Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,216 sq.ft.	Vacant	19	14-Jun-02	31-Mar-23	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	28	21-Jun-14	31-Mar-23	650
Unit No. C-3-14, Block C, Rumah Pangsa Taman Semarak II, 71800 Nilai, Negeri Sembilan	Freehold	Low cost flat	721 sq.ft.	Vacant	25	21-Dec-04	31-Mar-23	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	15	21-Feb-00	31-Mar-23	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 shophot	366 sq.ft.	Vacant	23	17-Apr-03	31-Mar-23	90
C-3A-07, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	13	1-Jan-20	31-Mar-23	350
C-3A-08, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	13	1-Jan-20	31-Mar-23	350
C-3A-09, Empire Subang Hotel, Jalan SS16/1, 47500 Subang Jaya, Selangor	Freehold	Hotel Suites	387 sq.ft.	Tenanted	13	1-Jan-20	31-Mar-23	350

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STATISTICAL REPORT

As at 31 May 2023

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	301	6.63	14,914	0.00
100 - 1,000	1,068	23.50	452,122	0.11
1,001 - 10,000	1,663	36.60	9,785,127	2.34
10,001 - 100,000	1,299	28.59	44,012,179	10.52
100,001 - less than 5% of issued shares	211	4.64	99,486,954	23.78
5% and above of issued shares	2	0.04	264,707,360	63.25
Total	4,544	100.00	418,458,656	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 31 MAY 2023

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Oh Chiew Ho	-	-	264,707,360*	63.25
Oh Yung Sim	-	-	-	-
Oh Pooi Foon	-	-	-	-
Seow Nyoke Yoong	-	-	-	-
Dato' Wan Hashim Bin Wan Jusoh	-	-	-	-
Abd Malik Bin A Rahman	-	-	-	-

* 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 2023

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 2023 on page 90 of this Annual Report.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2023

Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Oh Chiew Ho	-	-	264,707,360*	63.25
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 2023

CONT'D

THIRTY LARGEST SHAREHOLDERS AS AT 31 MAY 2023

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	6,600,000	1.58
4.	Wong Wai Kuan	3,350,000	0.80
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phung Jee Kiong @ Phung Jee Chiang	3,000,000	0.72
6.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Toh Hooi Hak	2,517,100	0.60
7.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Aik Hoe	2,300,000	0.55
8.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Choon Kiat	1,737,000	0.42
9.	Lim Kim Yew	1,720,100	0.41
10.	See Siew Chiet	1,597,200	0.38
11.	Hee Yau Sing	1,530,000	0.37
12.	Selvarajah A/L Nachiappan	1,450,600	0.35
13.	Lim Hoe Seng	1,325,000	0.32
14.	Chong Fu Seong	1,300,000	0.31
15.	Lim Choon Meng	1,300,000	0.31
16.	Maybank Nominees (Tempatan) Sdn Bhd Mak Tin Wong	1,202,000	0.29
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San	1,200,000	0.29
18.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kiam Lam	1,200,000	0.29
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goalkey System Sdn Bhd	1,140,000	0.27
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Tze Aw	1,135,000	0.27
21.	Lim Jit Hai	1,118,400	0.27
22.	Lim Seng Qwee	1,000,000	0.24
23.	Yeap Kim Siew	1,000,000	0.24
24.	Yee Leong Hun	965,400	0.23
25.	Chua Hao Jing	950,000	0.23
26.	Tan Leong Kiat	950,000	0.23
27.	Chiong Boo Pah	900,000	0.22
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Aun Chuan	867,000	0.21
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Wai Hon	830,000	0.20
30.	Wong Yoon Seng	821,700	0.20

CORPORATE DIRECTORY

As At 20 June 2023



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

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

✉ enquiry_aysh@ays-group.com

AYS Marketing Sdn Bhd

Registration No.: 199301006036 (260773-T)
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Selangor Darul Ehsan, Malaysia.

☎ +603-33775597

☎ +603-33775401/02

✉ enquiry_aysm@ays-group.com

CH Yodoform Sdn Bhd

Registration No.: 199601005753 (378099-V)
Lot 3846, 7½th Mile, Jalan Kapar/KU15,
42200 Klang, Selangor Darul Ehsan, Malaysia.

☎ +603-32910001

☎ +603-32918800

✉ enquiry_chy@ays-group.com

AYS (FZ) Sdn Bhd

Registration No.: 201401003939 (1080013-W)
P407, P408 & Part of P409, Precinct 4, 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

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

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

SPL Services Sdn Bhd

Registration No.: 202301017794 (1511716-A)
Lot 6488, Jalan Haji Abdul Manan,
42100 Klang, Selangor Darul Ehsan, Malaysia.

☎ +603-33775597



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

Ann Yak Siong (Singapore) Pte Ltd

Registration No.: 202235962C
149 Rochor Road, #05-01
Fu Lu Shou Complex, Singapore 188425

☎ +603-33775597

✉ enquiry_ayss@ays-group.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting (“12th 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 TIIH Online website at <https://tiih.online> on Tuesday, 18 July 2023 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 2023 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 2023. **Resolution 1**
3. To re-elect the following Directors who are retiring in accordance with the Company’s Constitution:
 - (i) Seow Nyoke Yoong (Article 112) **Resolution 2**
 - (ii) Oh Pooi Foon (Article 112) **Resolution 3**
 - (iii) Abd Malik Bin A Rahman (Article 117) **Resolution 4**
4. To approve the payment of Directors’ fees not exceeding RM500,000.00 for the period from August 2023 till July 2024. **Resolution 5**
5. To approve the payment of meeting attendance allowance of RM1,000.00 per meeting for each Independent Director from August 2023 till July 2024. **Resolution 6**
6. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

7. **Proposed Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Resolution 8**

“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 10% of the total number of issued shares of the Company (“New Shares”) for the time being without first offering the New Shares to the holders of the existing issued shares 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 Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

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

Resolution 9

"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 Renewal of 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;

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 Renewal of 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."

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

By Order of the Board

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

Klang
20 June 2023

Important Notice on Remote Participation and Voting:

1. The 12th AGM will be conducted through live streaming and online voting using Remote Participation and Voting ("RPV") facilities which are available on Tricor's TIIH Online website at <https://tiih.online>. Please refer to Administrative Guide for the 12th 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 12th AGM in order to register, participate and vote remotely.

Proxy and/or Authorised Representative:

1. A member entitled to attend and vote at the 12th 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 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 12th 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.

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

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 12th 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 11 July 2023 shall be regarded as members of the Company entitled to attend the 12th AGM or appoint a proxy to attend and vote on his behalf.

NOTES ON RESOLUTIONS NO. 2, 3 & 4

For the purpose of determining the eligibility of the Directors to stand for re-election at the Twelfth Annual General Meeting, the Board through its Nomination Committee had assessed Ms Seow Nyoke Yoong, Ms Oh Pooi Foon and En Abd Malik Bin A Rahman (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) Resolution No. 8

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 ("New Shares") 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 19 July 2022. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

In accordance with Article 56 of the Company's Constitution, the passing of the Ordinary Resolution No. 8 shall be taken as the members agreement for the New Shares to be issued to such persons as the Director may deem fit without first offer to holders of existing shares.

(ii) Resolution No. 9

Please refer to the Statement of Share Buy-Back enclosed dated 20 June 2023.

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

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 2023, if approved at the Twelfth Annual General Meeting, will be paid on 17 October 2023 to Depositors registered in the Record of Depositors at the close of business on 21 September 2023.

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

- a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 21 September 2023, 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.

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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 Twelfth Annual General Meeting ("12th 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 TIH Online website at <https://tiah.online> on Tuesday, 18 July 2023 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 Seow Nyoke Yoong as Director	2		
Re-election of Oh Pooi Foon as Director	3		
Re-election of Abd Malik Bin A Rahman as Director	4		
Approval of payment of Directors' fees	5		
Approval of payment of meeting attendance allowance	6		
Re-appointment of Grant Thornton Malaysia PLT as Auditors	7		
Approval for the proposed authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	8		
Approval of the proposed Renewal of Authority for the Company to purchase its own shares of up to 10% of the Issued and Paid-Up Share Capital	9		

*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 2023

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 12th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tiah.online>.

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Proxy Notes

1. A member entitled to attend and vote at the 12th 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 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 12th 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

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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 12th 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 11 July 2023 shall be regarded as members of the Company entitled to attend the 12th AGM or appoint a proxy to attend and vote on his behalf.

www.ays-group.com



AYS VENTURES BERHAD

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

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Jalan Haji Abdul Manan,
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