



**YBS INTERNATIONAL BERHAD**  
(Registration No: 200201014380 (582043-K))

# *Evolving into the Golden Age*



**ANNUAL REPORT 2022**



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### Evolving into the Golden Age

Positioned at the foreground, is a rocket labelled under YBS International Berhad (YBS) blasting off, depicting how the company steadily skyrocketed towards the top in their golden year.

Launching a rocket requires much effort and time but the Group's united determination to thrive from dusk till dawn and outshine their fellow industry players, is represented by the rocket taking off into the night sky then surpassing the globe displayed at the background. The globe is illustrated with data analytics graphics, symbolising the utilisation of latest technology to create quality innovations and maintain consistent performance.

Conveying YBS will soar to greater heights and evolving into their golden age at lightning speed, a trail of flames is portrayed upon the launch of the rocket. As the rocket ascends into the sky, YBS continues to broaden its horizons and explore more opportunities to make a significant difference in the market as a precision connector solutions provider.



# MISSION STATEMENT



To be  
recognised as the  
**ONLY** Supplier  
of Choice and assist  
customers to be  
more Competitive in  
Global Market



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**YBhg Dato' (Dr) Pahamin Ab Rajab**  
(Chairman/Non-Independent Non-Executive Director)

**Yong Chan Cheah**  
(Managing Director)

**Yong Swee Chuan**  
(Executive Director)

**Low Hee Chung**  
(Independent Non-Executive Director)

**Gor Siew Yeng**  
(Independent Non-Executive Director)

**Dato' Jimmy Ong Chin Keng**  
(Independent Non-Executive Director)

## AUDIT COMMITTEE

**Chairman**  
Low Hee Chung

**Members**  
Gor Siew Yeng  
Dato' Jimmy Ong Chin Keng

## NOMINATING COMMITTEE

**Chairman**  
Dato' Jimmy Ong Chin Keng

**Members**  
Low Hee Chung  
Gor Siew Yeng

## REMUNERATION COMMITTEE

**Chairman**  
Gor Siew Yeng

**Members**  
Low Hee Chung  
Dato' Jimmy Ong Chin Keng

## RISK MANAGEMENT COMMITTEE

**Chairman**  
Yong Chan Cheah

**Members**  
Representative(s) from major business units/divisions to be identified by the Management from time to time.

## ESOS COMMITTEE

**Chairman**  
Yong Chan Cheah

**Members**  
Yong Swee Chuan  
Poa Mei Ling

## COMPANY SECRETARIES

How Wee Ling  
(MAICSA 7033850) /  
SSM PC No. 202008000869

Ooi Ean Hoon  
(MAICSA 7057078) /  
SSM PC No. 202008000734

## AUDITORS

Crowe Malaysia PLT  
201906000005  
(LLP0018817-LCA) & AF1018  
Chartered Accountants  
No. 8, Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri, 84000 Muar,  
Johor Darul Takzim  
Phone: +606-9524 328  
Fax: +606-9527 328

## REGISTRAR

Mega Corporate Services Sdn. Bhd.  
Level 15-2,  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Phone: +603-2692 4271  
Fax: +603-2732 5388

## REGISTERED OFFICE

57-G Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Bayan Lepas, Penang  
Phone: +604-6408 933  
Fax: +604-6438 911

## HEAD OFFICE

K27 Jalan Perindustrian  
Kawasan Perindustrian Tanjung Agas  
84000 Muar, Johor Darul Takzim  
Phone: +606-9536 088  
Fax: +606-9536 986

## WEB-SITE ADDRESS

[www.ybsinternational.com](http://www.ybsinternational.com)

## PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
HSBC Bank Malaysia Berhad  
United Overseas Bank (M) Bhd  
Bank of America  
Malayan Banking Berhad  
Malaysian Industrial Development  
Finance Berhad  
Hong Leong Bank Berhad

## DATE OF LISTING

29 July 2003

## STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name: YBS  
Stock Code: 0025



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# CORPORATE STRUCTURE

AS AT 6 JULY 2022



**YBS INTERNATIONAL BERHAD**  
(Registration No: 200201014380 (582043-K))



**EDARAN PRECISION INDUSTRIES SDN. BHD.**  
199401022605(308284-M)

100%

**GOLDEN CITY PLASTIC SDN. BHD.**  
199901013282(488182-V)

100%

**EDARAN PRECISION INDIA PRIVATE LIMITED**

100%

**ORIENTAL FASTECH MANUFACTURING SDN. BHD.**  
200601009934(729684-X)

100%

100%

**ORIENTAL FASTECH MANUFACTURING (VIETNAM) CO., LTD.**

**EDARAN RESOURCES PTE. LTD.**

100%

**ORIFAST CONNECTOR SOLUTIONS LLC**

100%

**ORIFAST SOLUTIONS SDN. BHD.**  
201401029088(1105174-D)

100%

**EDARAN INTERCONNECT SDN. BHD.**  
201401029086(1105172-U)

100%

**BUMBLEBEE ECO SOLUTIONS SDN. BHD.**  
201601022056(1192995-A)

56%



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YBS International Berhad  
200201014380 (582043-K)



## PROFILE OF DIRECTORS

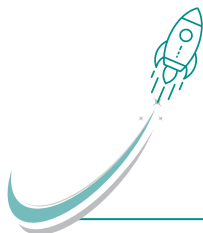
### YBHG DATO' (DR) PAHAMIN AB RAJAB

Chairman/Non-Independent  
Non-Executive Director

**Aged**  
76

**Gender**  
Male

**Nationality**  
Malaysian



YBhg Dato' (Dr) Pahamin Ab Rajab is the Non-Independent Non-Executive Chairman of YBS International Berhad and was appointed to the Board on 20 April 2006. He is currently an Advocate and Solicitor of the High Court of Malaya. He has worked in several ministries and government agencies in Malaysia for over thirty (30) years, during which he held various key positions, including Director-General of Road Transport Department at the Ministry of Transport from 1974 to 1998, Secretary-General of the Ministry of Domestic Trade and Consumer Affairs from 1998 to 2001 and Chairman of the Patent Board and the Controller of Copyright from 1998 to 2001. He is recognised internationally as an expert in intellectual property laws by the World Intellectual Property Organisation and in 2000, was awarded the prestigious Cyber Champion International Award by Business Software Alliance in Washington.

He obtained a Bachelor of Arts (Hons) in History majoring in International Relations from University Malaya in 1970 and a Master of Arts in Public Policy and Administration, majoring in Economic Development from University of Wisconsin, Madison, United States of America in 1978. He later received a law degree (LLB) from University of London in 1990 and a Diploma in Syariah Law and Practice from International Islamic University, Malaysia in 1991. He was conferred the Honorary Doctor of Laws (honoris causa) by University of Newcastle, Australia in 2006. In 2011, he was conferred the Award of Honorary Doctor of Laws (HonLLD) from the University of Greenwich, United Kingdom.

YBhg Dato' (Dr) Pahamin is currently the Independent Non-Executive Chairman of H-Displays (MSC) Berhad.

YBhg Dato' (Dr) Pahamin has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and there is no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

### YONG CHAN CHEAH

Managing Director

**Aged**  
48

**Gender**  
Male

**Nationality**  
Malaysian

Mr. Yong Chan Cheah is the Managing Director of YBS International Berhad. Mr. Yong was appointed as an Executive Director of the Company on 7 June 2013 and was promoted as the Group Managing Director on 27 February 2014. He is also the Chairman of Risk Management Committee and ESOS Committee. Mr. Yong obtained his Bachelor of Business Administration from Northern University of Malaysia (UUM) in 1998. He has over eighteen (18) years of experience in the marketing of metal and plastics components. He began his career in 1998 in Pentagon Engineering Sdn. Bhd. as a Contract Administrator. He subsequently joined AE Technology Sdn. Bhd. as Sales Executive in 1999 and was promoted to Sales Manager in 2002. In 2006, he co-founded Oriental Fastech Manufacturing Sdn. Bhd. ("OFM") with Mr. Yong Swee Chuan and is directly involved in the growth and development of OFM Group.

Mr. Yong is the brother of Mr. Yong Swee Chuan, a director and major shareholder of the Company. He is also the brother in law of Madam Koh Pei San, a major shareholder of the Company. He does not have any conflict of interests with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and there is no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



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## PROFILE OF DIRECTORS (CONT'D)

### YONG SWEE CHUAN

Executive Director

**Aged**

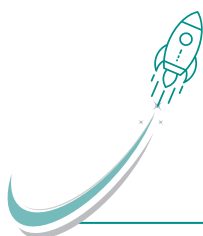
50

**Gender**

Male

**Nationality**

Malaysian



Mr. Yong Swee Chuan is the Executive Director and was appointed to the Board on 7 June 2013. He is also a member of Risk Management Committee and ESOS Committee of the Company. He obtained his Diploma from Institute Technology Education of Ang Mo Kio in Singapore in 1995. He has over eighteen (18) years of experience specialising in metal works and welding as well as tool and automation fabrication and modification in Malaysia and Singapore. He started his career at Tuck Hwa Fabrication Pte. Ltd. in Singapore in 1990. His subsequent employments included Senic Sanyo (Singapore) Pte. Ltd. in 1995 and TKR Manufacturing (Singapore) Pte. Ltd. in 1996, before co-founding Oriental Fastech Manufacturing Sdn. Bhd. with Mr. Yong Chan Cheah in 2006. He specializes in the engineering of Computer-Aided Manufacturing Turning, Computer Numerical Control Turning and Stamping machineries.

Mr. Yong is the brother of Mr. Yong Chan Cheah, the Managing Director and major shareholder of the Company. He is also the spouse of Madam Koh Pei San, a major shareholder of the Company. He does not have any conflict of interests with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and there is no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



Mr. Low Hee Chung is an Independent Non-Executive Director of YBS International Berhad and was appointed to the Board on 31 July 2013. He was appointed as the Chairman of the Audit Committee on 23 September 2013. He is also a member of the Nominating Committee and Remuneration Committee of the Company.

Mr. Low obtained his Bachelor's Degree with Honours in Accounting from Northern University of Malaysia (UUM) in 1997. He is now a Chartered Accountant registered with the Malaysian Institute of Accountants.

Mr. Low has worked for multinational professional service firm PricewaterhouseCoopers and local auditing firm Peter Chong & Co., over a span of seven (7) years. He is well experienced in corporate tax, personal tax and auditing companies in a wide range of industries in both the public and private sectors. He has held the position of Group Financial Controller of Alma Group of companies since 2003.

Mr. Low has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and there is no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



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YBS International Berhad  
200201014380 (582043-K)

### LOW HEE CHUNG

Independent

Non-Executive Director

**Aged**

49

**Gender**

Male

**Nationality**

Malaysian

## PROFILE OF DIRECTORS (CONT'D)

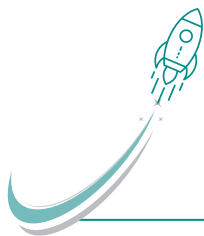
### GOR SIEW YENG

Independent  
Non-Executive Director

**Aged**  
56

**Gender**  
Female

**Nationality**  
Malaysian



Ms. Gor Siew Yeng is an Independent Non-Executive Director of YBS International Berhad and was appointed to the Board on 1 July 2014. She is the Chairman of Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company.

Ms. Gor graduated with a LL.B (Bachelor of Laws) with Honours from the University of London. After obtaining her Certificate in Legal Practice (CLP), Ms. Gor was called to the Malaysian Bar in 1996. She began her legal career as a conveyancing lawyer and subsequently worked as a litigation lawyer, representing mostly financial institutions.

In 1999, Ms. Gor ceased practice as an Advocate and Solicitor to assume the position of in-house corporate legal counsel. Over the years, Ms. Gor has worked as senior legal counsel for Japanese and German multinational companies. She is an Executive Director in charge of Human Resource, Legal and Compliance in a Japanese multinational company. In April 2016, Ms Gor was appointed as a Council Member of the Federation of Malaysian Manufacturers (FMM), a public company limited by guarantee.

Ms. Gor has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interests with the Company. She has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and there is no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.

### DATO' JIMMY ONG CHIN KENG

Independent  
Non-Executive Director

**Aged**  
59

**Gender**  
Male

**Nationality**  
Malaysian

Dato' Jimmy Ong Chin Keng is an Independent Non-Executive Director of YBS International Berhad and was appointed to the Board on 5 February 2021. He was appointed as the Chairman of Nominating Committee on 8 July 2022. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

Dato' Jimmy Ong is a Chartered Accountant and holds a professional qualification from the Malaysian Institute of Certified Public Accountants and is a member of Malaysian Institute of Accountants. He joined Emico Holdings Berhad in February 1993 as the Financial Controller and rose to the rank of Finance Director in 1996 and re-designated as Managing Director on 23 January 2009. Subsequently, he was re-designated as Executive Director on 1 October 2019. Dato' Jimmy Ong has extensive experience and knowledge in the field of accounting, finance, corporate finance, manufacturing and property development. Prior to his engagement in Emico, he had served in two international accounting firms namely PricewaterhouseCoopers and KPMG for a total of 10 years.

Dato' Jimmy Ong has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and there is no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



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# PROFILE OF KEY SENIOR MANAGEMENT

## POA MEI LING

General Manager

**Aged**

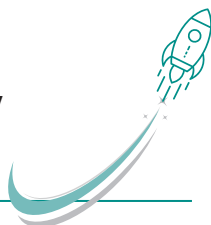
48

**Gender**

Female

**Nationality**

Malaysian



Ms. Poa Mei Ling joined YBS International Berhad ("YBS") Group on 22 December 2003 as Group Finance Manager and was promoted to Corporate Financial Controller in Year 2013. Presently, she is the General Manager in charge of the Precision Engineering, Precision Plastic Injection Moulding and Electronic Manufacturing Services Divisions of YBS Group. She obtained her Bachelor's Degree with Honours in Accounting from Northern University of Malaysia (UUM) in 1997. She is a Chartered Accountant registered with the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants. Prior to joining YBS Group, she was the Audit Manager at Deloitte KassimChan (now known as Deloitte PLT).

## YEW LI FANG

Finance Manager

**Aged**

34

**Gender**

Female

**Nationality**

Malaysian

Ms. Yew Li Fang joined Oriental Fastech Manufacturing Sdn. Bhd. ("OFM") on 13 December 2021 as Finance Manager. She is responsible for financial reporting, statutory reporting, corporate governance, and risk management. She obtained her Bachelor's Degree with Honours in Accounting from Northern University of Malaysia (UUM) in Year 2011. She is a Chartered Accountant registered with the Malaysian Institute of Accountants and ASEAN Chartered Professional Accountant Coordinating Committee. She started her career in audit field over a span of four (4) years. In 2015, She joined a public listed company which involved in the manufacturing and sale of stationery and printing materials as Senior Accounts Executive, then was promoted to Assistant Accountant in 2016 and Accountant in 2019 before joining OFM.



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## ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

### Family relationship with any director and/or major shareholder

None of the Key Senior Management have family relationship with Directors and/or major shareholders of the Company.

### Conflict of Interests

The Key Senior Management do not have any conflict of interests with the Company.

### Other than traffic offences, the list of convictions for offences within the past five (5) years and particulars of any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None of the Key Senior Management have any convictions for offences other than traffic offences (if applicable) within the past five (5) years.
- None of the Key Senior Management were penalised or sanctioned by any regulatory bodies during the financial year.

# FINANCIAL HIGHLIGHTS

## FINANCIAL YEAR ENDED 31 MARCH

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	76,640	69,024	67,734	63,130	<b>79,509</b>
Profit before tax	976	3,488	1,033	3,129	<b>7,115</b>
Net profit for the year	80	2,522	446	2,339	<b>6,192</b>
Net profit attributable to owners of the Company	313	2,716	610	2,197	<b>6,168</b>
Total equity attributable to owners of the Company	55,352	57,903	58,271	61,946	<b>69,472</b>
Total assets	83,496	81,591	81,498	106,737	<b>133,112</b>

## SHARE INFORMATION

Basic earnings per share (sen)	0.13	1.12	0.25	0.91	<b>2.49</b>
Diluted earnings per share (sen)	0.13	1.12	0.25	0.89	<b>2.36</b>
Net assets per share (RM)	0.23	0.24	0.24	0.25	<b>0.28</b>

## FINANCIAL RATIOS

Profit before tax margin	1.3%	5.1%	1.5%	5.0%	<b>8.9%</b>
Net profit margin	0.1%	3.7%	0.7%	3.7%	<b>7.8%</b>
Return on equity attributable to owners of the Company	0.6%	4.7%	1.0%	3.5%	<b>8.9%</b>
Return on total assets	0.1%	3.1%	0.6%	2.2%	<b>4.7%</b>
Revenue growth rate	6.5%*	-9.9%	-1.9%	-6.8%	<b>25.9%</b>

\* Based on annualised revenue for financial period ended 31 March 2017.

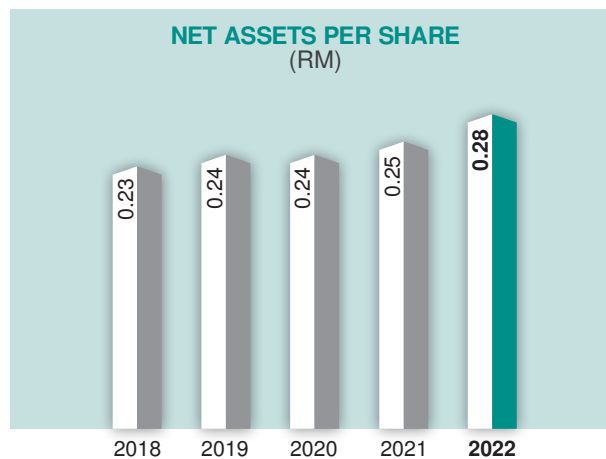
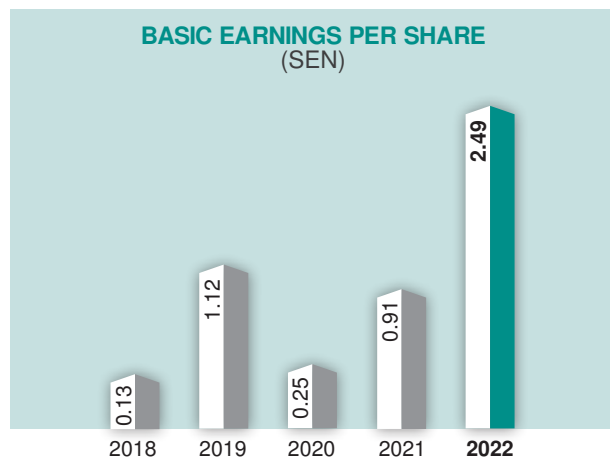
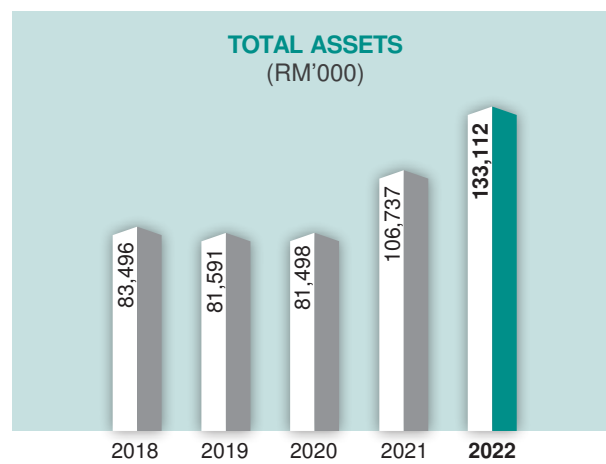
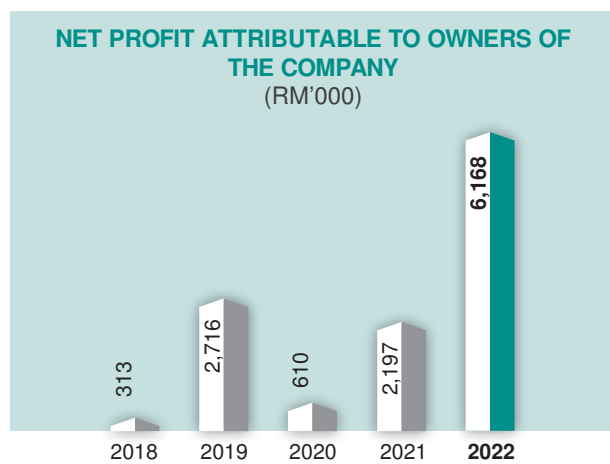
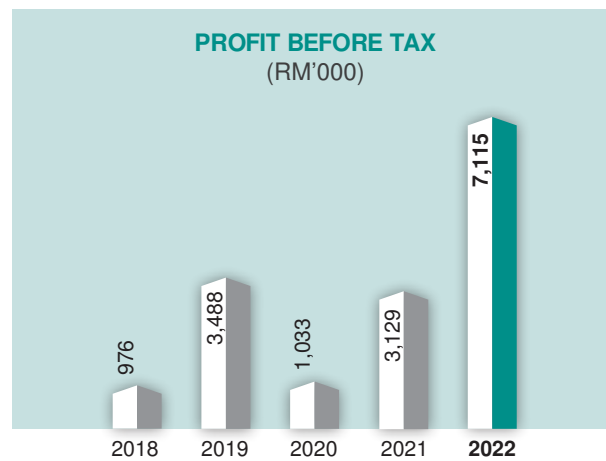
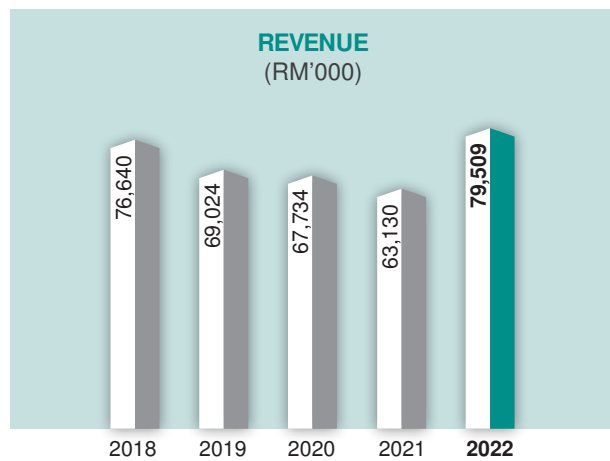


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ANNUAL REPORT 2022

Financial Highlights  
2022

## FINANCIAL HIGHLIGHTS (CONT'D)



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# CHAIRMAN'S STATEMENT

## Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of YBS International Berhad ("YBS") for the financial year ended 31 March 2022 ("FY2022").



Revenue  
(FY2022)

**RM79.51m**

FY2021 : RM63.13m



Profit Before Tax  
(FY2022)

**RM7.12m**

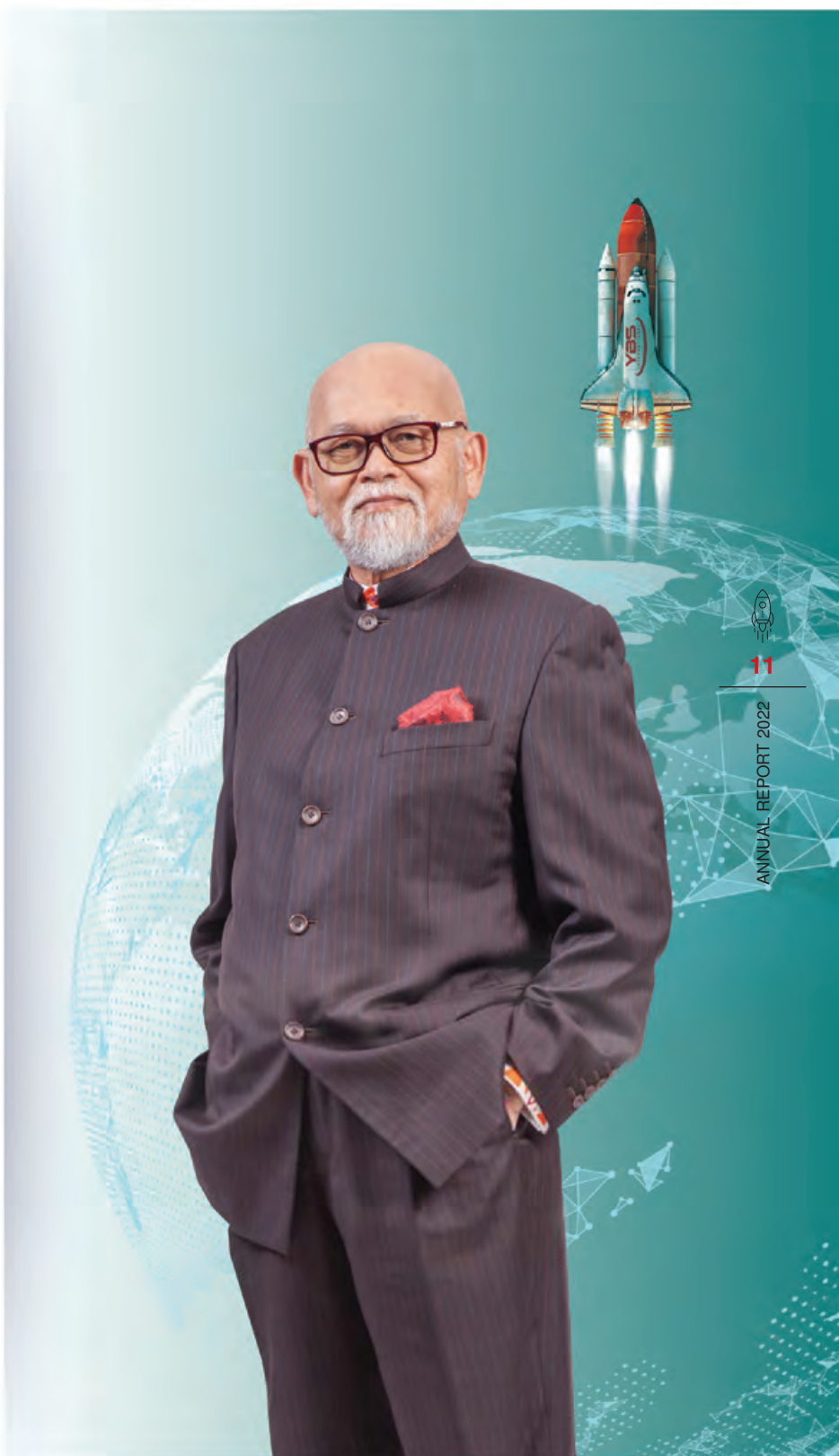
FY2021 : RM3.13m



Basic Earnings  
Per Share (FY2022)

**2.49sen**

FY2021 : 0.91sen



## CHAIRMAN'S STATEMENT (CONT'D)

### BUSINESS OVERVIEW

FY2022 was a year full of continuing challenges and uncertainties prevailing in the world economy and market environment. In the year since the Covid-19 outbreak was first diagnosed, the pandemic has negatively affected global economic growth beyond anything experienced in nearly a century.

Despite these disruptions, the Group was able to turn in good results for FY2022. The Group recorded revenue of RM79.51 million for FY2022, representing an increase of RM16.38 million or 25.9% from RM63.13 million recorded in financial year ended 31 March 2021 ("FY2021"). The Group's profit before tax increased by RM3.99 million from RM3.13 million in FY2021 to RM7.12 million in FY2022. The increase in profit before tax was mainly due to increase in revenue with higher profit margin.

The financial position of the Group remained strong in FY2022 and the business was able to generate a consistently positive operating cash flow. The Group reported total borrowings (included bank overdrafts) of RM44.52 million as of 31 March 2022 as compared to the RM26.44 million as at the end of the last financial year. The increase in borrowings was mainly to finance the capital expenditure on the renovation and extension of factory building project as part of the Group's continuing expansion program. On the other hand, the cash at bank (included short-term investment and fixed deposits with licensed banks) has increased to RM12.60 million as at current financial year from RM10.95 million as at 31 March 2021. The management was prudent in all its decisions in order to build up the Group's cash reserves. In a time of such uncertainties, it is comforting to have such reserves to meet any unprecedented emergencies.

### OUTLOOK

The global business environment remains volatile, mainly due to the impact of the prolonged Covid-19 pandemic that has lingered for more than two years as well as the supply disruptions brought about by the Russia-Ukraine war. Moreover, the on-going trade tensions between the United States of America and China also has dented the global growth.

However, the growth in Malaysia is expected to be supported by a gradual strengthening of domestic demand as the Government has announced to re-opening of international border on 1 April 2022 and implement a relaxation of Standard Operating Procedures ("SOP") with effective 1 May 2022.

The demand for the remote working equipment and digitalisation of business still rising despite the Government had announce for the relaxing SOP, it could be a new norm in the working environment and lead the technology cycle into upswing conditions with affect the improvement in the electrical and electronics industrial.

In this respect, we remain cautious and will continue to stay focused on our main business activities and put efforts to grow our sales. We will stand firm to overcome all challenges and will take prudent measures to ensure the Group stay financially sound to sustain the Group's performance and returns to shareholders over the long term.

### DIVIDEND

The Company did not declare any dividends in respect of FY2022 in order to conserve cash for capital expenditure of the Group.

### APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere and heartfelt thanks to our shareholders, customers, business associates, suppliers, financiers, government agencies and regulatory authorities for their continued support, trust and confidence in YBS Group.

I also wish to express my sincere appreciation and gratitude to my team of directors, management and employees throughout this challenging time for their dedication, team spirit and hard work in achieving sustainable financial results in a volatile year.

At this time of uncertainties, I believe that our team will have the strength and tenacity to persevere in facing the challenges ahead and deliver a bright future for YBS Group.

**YBhg Dato' (Dr) Pahamin Ab Rajab**

Chairman/Non-Independent Non-Executive Director



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YBS International Berhad  
200201014380 (582043-K)

# MANAGEMENT DISCUSSION AND ANALYSIS

During the financial year ended 31 March 2022 ("FY2022"), YBS International Berhad ("YBS") Group was organised into and managed as separate business units based on their products and services as follows:

- i. Precision engineering and plastic injection moulding - Involved in the design and manufacture of high precision moulds, tools and dies, jigs and fixtures, plastic injection moulding and sub-assembly.
- ii. Precision machining and stamping - Involved in the manufacture and sale of precision machining and stamping components for the telecommunication, industrial sensors, switches, electronic equipment and other industries and the provision of the related specialised engineering services.
- iii. Electronic Manufacturing Services - Involved in the manufacture and assembly of electronic components.
- iv. Paper products - Involved in the manufacture of paper honeycomb products.

Over the years, YBS has diversified its core businesses comprising high precision engineering and plastic injection moulding services into the precision machining and stamping segment as well as the electronic manufacturing services segment. In year 2017, the Group had further expanded its activities to include the manufacturing of paper honeycomb products.

Currently, YBS Group has seven (7) manufacturing operations of which three (3) are located in Johor, two (2) in Penang, one (1) in Ho Chi Minh City, Vietnam and one (1) in the State of Kerala, India. For a more effective marketing network, YBS had also set up marketing offices at the United States of America and Singapore so as to explore and penetrate into new markets.

YBS Group's strategy is to further diversify its product mix, produce higher value-added items for better returns and continuously explore and expand into new market segments. The Group aims to increase productivity and produce higher quality products through process innovations. In this regard, YBS Group will continue to work closely with its customers to incorporate innovation and improvements into every aspect of its manufacturing processes while doing business in an ethical and sustainable manner.

## GROUP FINANCIAL PERFORMANCE

### Revenue

The Group's revenue analysis by segments is illustrated in the table below:

	FY2022	FY2021	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Precision engineering and plastic injection moulding	24,585	23,241	1,344	5.8
Precision machining and stamping	50,296	36,192	14,104	39.0
Electronic manufacturing services	592	602	(10)	(1.7)
Paper products	4,036	3,095	941	30.4
<b>Total</b>	<b>79,509</b>	<b>63,130</b>	<b>16,379</b>	<b>25.9</b>

### Precision engineering and plastic injection moulding segment

The precision engineering and plastic injection moulding segment supplies high precision moulds, tools and dies, jigs and fixtures and plastic injection moulding parts to the connector, aerospace, automotive, electrical and electronics, computer and peripherals, and telecommunication industries. The Group also produces high precision metal and plastic parts for the semiconductor industry in this segment.

The revenue from precision engineering and plastic injection moulding segment was RM24.59 million in the FY2022 as compared to RM23.24 million in FY2021. The increase in revenue mainly due to higher demand from its existing and new customers.







### GROUP FINANCIAL PERFORMANCE (CONT'D)

#### Revenue (Cont'd)

##### **Precision machining and stamping segment**

The precision machining and stamping segment is currently serving market leaders in the telecommunications, electrical and electronics, aerospace and automotive industries.

The revenue generated by the Group from precision machining and stamping segment for FY2022 amounted to RM50.30 million as compared to RM36.19 million in FY2021. The increase of 39.0% was mainly due to higher demand from its existing customers.

##### **Electronic manufacturing services segment**

The electronic manufacturing services segment is mainly engaged in the design and manufacture of precision moulds, tools, dies, jigs, fixtures and precision molded components of all kinds of descriptions for specialised industries including aerospace, medical devices, electrical and electronics industries. The Company is also engaged in providing services for the assembly of electronic components.

The Group generated the revenue of RM0.59 million for FY2022 as compared to RM0.60 million in FY 2021. The decrease of 1.7% was mainly due to lower demand from its existing export customers.

##### **Paper products segment**

The paper products segment supplies environmentally sustainable solutions for packaging & shipping, furniture & fittings and point of purchase displays & exhibitions. Its main products include Paper Honeycomb Core and Paper Honeycomb Panel. Paper Honeycomb Core is a series of hexagonal shaped cells, nested together creating a sheet when expanded with approximately 95% open space. This is an exceptionally strong, rigid and lightweight core. Paper Honeycomb Panel is a lightweight, tough and durable board consisting of a honeycomb core sandwiched between linerboards.

The revenue from paper products segment was recorded at RM4.04 million in the current financial year as compared to RM3.10 million in preceding financial year with an increase of RM0.94 million. This segment has grown consistently since its operation commenced in financial year 2017. With the recyclable material, these paper products are green option for leading environmental sustainability goals and hazard free building materials alternative for paper ceilings, wall panels and partitions for office and home uses.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



### GROUP FINANCIAL PERFORMANCE (CONT'D)

#### Gross Profit

The gross profit of the Group for FY2022 was amounted to RM16.45 million, representing an increase of 38.6% as compared to RM11.87 million in FY2021. The increase in gross profit was in tandem with the increase in its revenue. Gross profit margin for the current financial year stood at 20.7% as compared to 18.8% in FY2021.

#### Statement of Financial Position as at 31 March 2022

The Group's inventories amounted to RM13.74 million as at 31 March 2022, which increased by RM3.34 million as compared to RM10.40 million as at 31 March 2021.

The trade receivables increased from RM10.98 million to RM13.84 million as at the end of the current financial year was mainly due to higher revenue.

Cash and bank balances (including short term investment and fixed deposits with licensed banks) stood at RM12.60 million as at 31 March 2022.

Current liabilities comprised mainly trade payables, other payables and accruals of RM11.18 million. Borrowings (including bank overdrafts) as at 31 March 2022 increased to RM44.52 million compared with RM26.44 million as at 31 March 2021. The Group's gearing ratio as at 31 March 2022 was 0.67 times as compared to 0.48 times as at 31 March 2021. The increase of RM18.08 million in borrowings was mainly attributable to renovation and extension of factory building projects as part of the Group's continuing expansion program. Due to the positive net current assets on hand, the Group registered a net current assets position of RM24.06 million and current ratio of 2.18 times which was higher as compared to the 2.14 times as at 31 March 2021.

The Group remains prudent in maintaining a sound financial position that enables the execution of its strategic objectives in creating value over the coming years. It is notable that total equity attributable to owners of the Company was RM69.47 million as at 31 March 2022 whilst net assets per ordinary share attributable to owners of the Company amounted to RM0.28 which slightly higher than the RM0.25 as at 31 March 2021.

#### Group Cash Flow

The Group continued to generate healthy cash flow from its operating activities with net cash of RM4.60 million in FY2022. Cash used in investing activities amounted to RM21.52 million in FY2022. The Group continued to invest in capital expenditure in order to stay responsive to its customers' changing requirements and to maintain its competitive edge as well as to embrace technological advancements to improve production capabilities. Net cash from financing activities amounted to RM18.04 million in FY2022. As a result, cash and cash equivalents stood at RM11.37 million as at 31 March 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### KEY RISKS AND MITIGATION

#### Political, economic and regulatory risks

Any adverse political and economic conditions and regulatory developments in Malaysia and other countries where the Group operates could have an adverse effect on its financial performance. Political and economic uncertainties include, but are not limited to, risk of war, changes in political leadership, global economic downturn, unfavourable changes in government policies that include interest rates, method and rate of taxation, currency exchange control or introduction of new regulations, import duties and tariffs.

As such the Group will continue to adopt measures such as prudent management and efficient operating procedures to mitigate any negative impacts and optimise outcomes. The Group expects the operating and business environments for the industry we are in to be very volatile and challenging for the coming financial year.

#### Currency risk

The Group is exposed to the fluctuation of foreign currency exchange risk arising from sales and purchases denominated in foreign currency. The currency giving rise to this risk is primarily the US Dollar. The Group manages its exposure to currency risk in the following manner:

- Foreign currency sales and purchases in the same currency provide natural hedge against the fluctuations in the foreign currency exchange rates; and
- Maintain part of the cash and bank balances in the foreign currency accounts to meet its future obligations in foreign currencies.

#### Dependence on few major customers

The Group is dependent on a few major customers for a significant portion of its revenue. The ability to retain the major customers and attract new customers is essential for its continued growth. The Group will intensify its efforts to develop new customer base and explore different product segments to reduce its dependence on the major customers. The Group will also focus on upgrading to new technologies, machineries and equipment as well as the practice of stringent quality management to fulfill customers' requirements.



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## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OUTLOOK AND FUTURE PROSPECTS

The global business environment remains volatile, mainly due to the impact of the prolonged Covid-19 pandemic that has lingered for more than two years as well as the supply disruptions brought about by the Russia-Ukraine war.

A major factor hindering the market is the ongoing uncertainties surrounding the US-China trade war and shifts in the global financial market sentiment. The Group will strive to improve efficiency and productivity with lower operating cost in order to enhance our competitive edge to ensure a sustainable income stream.

#### **Precision engineering and plastic injection moulding segment**

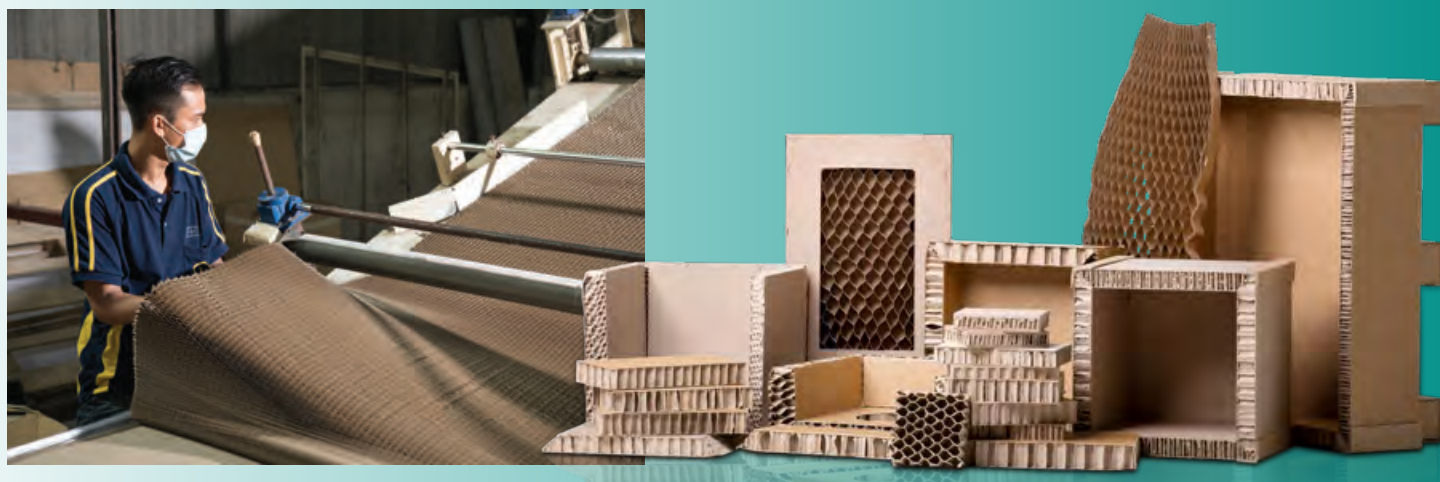
Bishop and Associates, a market research firm that specialises in the connector industry, is projecting the annual growth rate of sales is 5.7% for connector demand in year 2022. For the semiconductor industry, based on The World Semiconductor Trade Statistics ("WSTS"), the world semiconductor market is expected to go up by 16.3% to US\$646 billion in year 2022 due to higher demand for semiconductor-based products. For year 2023, the worldwide semiconductor market is projected to grow by 5.1% to US\$680 billion, driven by mid-single digit growth in the Logic and Analog categories. All other product categories are also expected to show positive growth rates and all regions are expected to grow in year 2023.

#### **Precision machining and stamping segment**

Moving forward, the Group is looking to increase the contribution from aerospace and security products industries. The Group will focus on its core business and the sales is expected to increase gradually based on the high inquiries and quotations submitted for overseas customers that encompasses the security, telecommunications and consumer electronics segments. As for the plant in Vietnam, the business volume from one of its major customers remains strong in the near term with more projects in the pipeline.

#### **Electronics manufacturing services and paper honeycomb products**

The Group will continue to grow the revenue and profitability of its electronics manufacturing services segment. For the paper honeycomb products segment, it will continue to focus on the paper packaging solution products. The paper honeycomb core is made from recyclable material and the products are environmentally friendly. Paper honeycomb is set to replace the PE foam (plastic) and wooden rack (for green environment) given that the packaging design is more flexible than the traditional packaging materials. The Group has since penetrated the market for paper packaging and aims to expand into heavy duty packaging solutions.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of YBS International Berhad (“YBS” or “the Company”) is pleased to provide an overview of the Company’s corporate governance practices during the financial year ended 31 March 2022 (“FY2022”) with reference to the 3 Principles as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”). The Company’s application of each Practice set out in MCCG during the financial year 2022 is disclosed in the Company’s Corporate Governance Report (“CG Report”) which is available on the Company’s website at <http://www.ybsinternational.com> as well as via the Company’s announcement made to Bursa Malaysia Securities Berhad (“Bursa Securities”).

This statement is prepared in compliance with Bursa Securities ACE Market Listing Requirements (“ACE LR”) and it is to be read together with the CG Report.

The Board recognises the importance of good corporate governance and is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. The Board has continued its efforts in raising the bar in the Company’s corporate governance standards set out in the Code through various measures for implementation from time to time.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Board is responsible for oversight and overall management of the Company and the delivery of sustainable value to its stakeholders. To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees, Managing Director of the Group (“CEO”) and Executive Director and the Senior Management of the Company and respective subsidiaries.

The Board plays an active role in the development of the Company’s strategy. The Board reviews and approves the annual business plan recommended by the Management. The Board has direct access to Senior Management and has unrestricted and immediate access to information relating to the Group’s business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

The Board has established Board Committees, namely Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and ESOS Committee.

The Board Committees are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference (“ToR”). At each Board meeting, minutes of Board Committee meetings will be circulated to the Board to keep the Board informed. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

### *Separation of Roles of Chairman and CEO*

The Company practises a division of responsibilities between the Non-Independent Non-Executive Chairman and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO. The positions of the Chairman and CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of YBS.

The Chairman is responsible for the Board’s effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

The CEO is in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. Board Responsibilities (Cont'd)

##### *Company Secretaries*

Both Company Secretaries of the Company have legal credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016.

##### *Access to Information and Advice*

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. Generally, the meeting papers for the Board of Directors' Meeting and/or respective Committee Meeting are circulated at least seven (7) days prior to the Meetings. In promoting productive discussions during the respective Meetings, the Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Group's and of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

##### *Board Charter*

The Board Charter clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insights into the fiduciary and leadership functions of the Directors of YBS.

The Board last reviewed its charter on 6 July 2022. The Board will continue the practice to review its charter regularly, at least once a year to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

##### *Code of Ethics and Conduct*

The principle of the Company's Code of Ethics for Directors is based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

- To establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering the Group.

##### *Whistleblower Policy*

YBS has in place the Whistleblower Policy and Procedures that fosters an environment in which integrity and ethical behavior are maintained and any illegal or improper actions and/or wrong doings in the Group may be exposed. The Company's Code of Ethics for Directors continues to govern the standards of ethics and good conduct expected of Directors.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. Board Responsibilities (Cont'd)

##### ***Anti-Bribery and Corruption Policy***

With the adoption of the Anti-Bribery and Corruption Policy ("ABC Policy"), YBS has a zero-tolerance approach towards bribery and corruption in any form and is committed to behaving professionally, fairly and with integrity in all the business dealings. The ABC Policy elaborates upon those principles and provides guidance on how to deal with improper solicitation, bribery and other corrupt activities that may arise in the course of business. The ABC Policy is applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group.

Further details pertaining to the respective ToR of Board Committees, Board Charter, Code of Ethics, Whistleblower Policy and Procedures and ABC Policy are available at YBS's website at <http://www.ybsinternational.com>.

#### II. Board Composition

The Board currently has six (6) members comprising the Non-Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. This composition complies with Rule 15.02 of the ACE LR whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

In the event of any vacancy in the Board resulting in the non-compliance with the above, the Company must fill the vacancy within three (3) months. The Board is of the opinion that the interests of shareholders of the Company are fairly represented by the current Board composition and its size constitutes an effective Board of the Company.

The presence of the three (3) Independent Non-Executive Directors is essential in providing 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 high standards of conduct and integrity are maintained by the Group.

The Board is mindful of the recommendation that the Board must comprise a majority of independent directors where the Chairman of the Company is not an independent director. The Board is of the opinion that other than his shareholdings in the Company, YBhg Dato' (Dr) Pahamin Ab Rajab has demonstrated that he is independent from the Management and free from business relationship that might interfere with his exercise of independent judgement.

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board is of the opinion that given the strong independent element of the Board, any concerns regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the following address and such concerns will be reviewed and addressed by the Board accordingly:

Mr. Low Hee Chung/ Ms. Gor Siew Yeng/ Dato' Jimmy Ong Chin Keng  
YBS International Berhad  
57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (Cont'd)

##### ***Nominating Committee (“NC”)***

The membership of the NC with effect from 8 July 2022 is as follows:

Chairman	: Dato' Jimmy Ong Chin Keng	(Independent Non-Executive Director)
Members	: Low Hee Chung Gor Siew Yeng	(Independent Non-Executive Director) (Independent Non-Executive Director)

YBhg Dato' (Dr) Pahamin Ab Rajab relinquished his position as Chairman of NC with effect from 8 July 2022 in line with the Practice 1.4 of the MCCG.

The NC of YBS assumes the following core responsibilities:

- formulating the nomination, selection and succession policies for members of the Board;
- review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- consider the election criteria and develop procedures for the sourcing and election of candidates to stand for election by YBS's shareholders (“Shareholders”) or to fill casual vacancies of Directors;
- identify and nominate candidates to the Board for it to recommend to Shareholders for election as Directors;
- undertake an assessment of its Independent Directors annually;
- review the training needs for the Directors annually; and
- establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole.

Details of the ToR for NC of YBS are available at its corporate website at <http://www.ybsinternational.com>.

In line with the ToR of NC, there are one (1) meeting held by the NC during the FY2022. The activities carried out by the NC during the financial year in discharging its functions are as follows, amongst others:

- reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- undertaken an assessment of independency of its Independent Directors;
- recommended to the Board on those Directors who retire pursuant to Constitution of the Company, being eligible, to seek re-election during the forthcoming AGM; and
- reviewed the training needs for the Directors.

##### ***Appointment of New Directors to the Board***

The Company has in place its procedures and criteria for appointment of new directors. It has been a practice to the Company that NC will carry out an interview with the candidate prior to his/her appointment as a director of the Company. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidate.

The NC leads the process for identifying and making recommendations for the Board's approval on suitable candidates for directorship to the Board and members to the Board Committees. The Board will then based on the recommendation of the NC, evaluates and decides on the appointment of the proposed candidate(s). The Company Secretaries will ensure that all appointments are properly conducted and that legal and regulatory obligations are met.

The NC will assess the potential candidate's suitability and the candidates are required to declare and confirm in writing their independence based on the criteria on independence as set out in the ACE LR.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (Cont'd)

##### *Appointment of New Directors to the Board (Cont'd)*

The NC will also be reviewing the composition of respective Board Committee of the Company to ensure its effectiveness in functioning.

##### *Board Evaluation*

The NC has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

On 6 July 2022, an assessment of the effectiveness of the Board, respective Board Committee and Independence (“the Assessment”) were carried out in respect of the FY2022. Appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the NC meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other qualities to serve effectively.

Notwithstanding the recommendation of the MCCG, the Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the Code’s target. Besides, the Board also made progress in broadening the diversity of the Board and Senior Management from time to time.

The skillsets and diversity of the existing Board are summarized as follows:

Directors	Nationality	Designation	Industry / Background Experience							By Composition					
			Technology	Marketing	Industrial	Corporate	Accounting / Finance	Internal Audit	Law / Legal	Age			Ethnic	Gender	
										40 – 49 years	50 – 59 years	70 years and above	Bumiputra	Chinese	Male
YBhg Dato' (Dr) Pahamin Ab Rajab	Malaysian	Chairman/Non-Independent Non-Executive Director		√	√	√	√		√			√	√		√
Yong Chan Cheah	Malaysian	Managing Director	√	√	√	√	√	√		√				√	√
Yong Swee Chuan	Malaysian	Executive Director	√	√	√		√				√			√	√
Low Hee Chung	Malaysian	Independent Non-Executive Director				√	√	√		√				√	√
Gor Siew Yeng	Malaysian	Independent Non-Executive Director		√	√	√		√	√		√			√	√
Dato' Jimmy Ong Chin Keng	Malaysian	Independent Non-Executive Director				√	√	√			√			√	√



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (Cont'd)

##### *Annual Assessment of Independence*

The NC played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company on annual basis. Based on the assessment conducted by the NC, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Group.

The NC develops the criteria to assess independence of Independent Director, including but not limited to directors' background, family relationships, interest of shareholdings in the Company and related party transactions with the Group (if any).

##### *Time Commitment*

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met six (6) times during the financial year under review. The meeting attendance record of the Directors is as follows:

	Meeting Attendance
YBhg Dato' (Dr) Pahamin Ab Rajab	6/6
Yong Chan Cheah	6/6
Yong Swee Chuan	6/6
Low Hee Chung	5/6
Gor Siew Yeng	6/6
Dato' Jimmy Ong Chin Keng	5/6

Though the Company does not set a policy for Directors to notify the Chairman and/or Management prior to accepting new appointments, to ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the ACE LR, a Director of YBS must not hold directorships of more than five (5) Public Listed Companies and must be able to commit sufficient time to YBS.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of YBS and for notification to Companies Commission of Malaysia accordingly.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every calendar year.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (Cont'd)

##### *Continuing Training Programme*

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast of the changing regulatory and corporate governance developments.

The details of trainings attended by the Directors during the financial year are as follows:

Director	Date	Description
Yong Chan Cheah	07/04/2021	MNC Sourcing and Supply Chain Strategy After Pandemic
	22/04/2021	Airbus Malaysia Supply Chain Strategy and AVL Requirement
	13/07/2021	Shaping the Workforce of the Future
	28/07/2021	EEPN AI Webinar Series: How AI Impacted Manufacturing Industrial
	12/10/2021	Malaysia National E&E Forum 2021
	26/11/2021	MSC Investors Xchange (MIX) Session with MDEC
	29/11/2021	The Latest Development in the Energy Production and Consumption Scenario in Malaysia
Yong Swee Chuan	22/04/2021	Airbus Malaysia Supply Chain Strategy and AVL Requirement
	28/07/2021	EEPN AI Webinar Series: How AI Impacted Manufacturing Industrial
	12/10/2021	Malaysia National E&E Forum 2021
Low Hee Chung	03/11/2021 to 05/11/2021	Online Enterprise Resource Planning (ERP) Modules Training
	11/11/2021	Seminar Percukaian Kebangsaan
	09/12/2021	FMM-Strategic Partner for the International Anti-Corruption Day (Hari Anti Rasuah Antarabangsa 2021)
	15/12/2021	Special Voluntary Disclosure & Amnesty Program ("VA")
	16/03/2022	Employer Obligations and Annual Income Reporting (Form E/EA)
Gor Siew Yeng	29/07/ 2021	Implementing Cost-Cutting Measures (From HR Perspective Amid the COVID-19 Pandemic)
Dato' Jimmy Ong Chin Keng	24/05/2021	The Preparation of Sustainability Report in Annual Report

YBhg Dato'(Dr) Pahamin Ab Rajab did not attend any training during the FY2022. Nevertheless, he continues to keep himself abreast with the recent regulatory and corporate governance developments by studying the relevant reading materials published at various professional websites and newsletters from the authorities forwarded by the Management and Company Secretary from time to time.



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## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. Remuneration

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The details of the Company Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the FY2022 are as follows:

Name of Directors	Fees RM	Salaries, Bonuses, EPF & Other Emoluments RM	Allowances RM	Employees' share option scheme expenses RM	Total RM
<b>Non-Executive</b>					
YBhg Dato' (Dr) Pahamin Ab Rajab	70,000	-	3,750	-	73,750
Low Hee Chung	40,000	-	3,000	32,750	75,750
Gor Siew Yeng	36,000	-	2,500	20,710	59,210
Dato' Jimmy Ong Chin Keng	21,651	-	2,500	-	24,151
<b>Executive</b>					
Yong Chan Cheah	-	42,400	2,500	-	44,900
Yong Swee Chuan	-	42,400	2,500	-	44,900
<b>Received/receivable from the Company</b>	<b>167,651</b>	<b>84,800</b>	<b>16,750</b>	<b>53,460</b>	<b>322,661</b>
<b>Non-Executive</b>					
YBhg Dato' (Dr) Pahamin Ab Rajab	-	-	-	-	-
Low Hee Chung	-	-	-	-	-
Gor Siew Yeng	-	-	-	-	-
Dato' Jimmy Ong Chin Keng	-	-	-	-	-
<b>Executive</b>					
Yong Chan Cheah	-	976,623	-	142,409	1,119,032
Yong Swee Chuan	-	970,271	-	142,409	1,112,680
<b>Received/receivable from the subsidiaries</b>	<b>-</b>	<b>1,946,894</b>	<b>-</b>	<b>284,818</b>	<b>2,231,712</b>
<b>Total Group</b>	<b>167,651</b>	<b>2,031,694</b>	<b>16,750</b>	<b>338,278</b>	<b>2,554,373</b>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee (“AC”)

The AC comprises wholly three (3) Independent Directors. The AC is chaired by an Independent Director, Mr. Low Hee Chung, a Chartered Accountant of the Malaysian Institute of Accountants, which is in compliance with Rule 15.09(1)(c) of the ACE LR of the Bursa Securities.

Annually, the composition of AC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective AC, the NC ensures that only an Independent Non-Executive Director who is financially literate, possess the appropriate level of expertise and experience, and has strong understanding of the Company’s business would be considered for membership in AC.

The roles and responsibilities of the AC are spelt out in the ToR of the AC, a copy of which is available in the Company’s website at <http://www.ybsinternational.com>.

#### II. Risk Management and Internal Control Framework

The Board fulfills its responsibilities in the risk governance and oversight functions through its Risk Management Committee (“RMC”) in order to manage the overall risk exposure of the Group. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group. The RMC comprise of the Managing Director, Executive Director and Senior Management who are familiar with the business situation of YBS. The Board is satisfied with the performance of the RMC and AC and their respective Chairman in discharging their responsibilities, based on the results of the Board Committees Effectiveness Evaluation of the 2021/2022.

The Board is of the view that the internal control and risk management system in place during FY2022, is sound and sufficient to safeguard the Group’s assets and shareholders’ investments, and the interests of customers, regulators, employees and other stakeholders. The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### I. Communication with Stakeholders

The Board recognises the importance and need for shareholders to be informed of all material development and performance of the Group. The information is disseminated through annual reports, circulars to shareholders, press releases, quarterly reports and announcements made from time to time to Bursa Securities.

In addition, the Company's website at <http://www.ybsinternational.com> provides information on the Group's business, corporate development and announcements to Bursa Securities. Other information relevant to shareholders and investors such as share price volume history, technical charting, annual reports, circulars and quarterly reports are available for download at the Company's website.

#### II. Conduct of General Meetings

YBS's AGM is an important means of communicating with its shareholders. The 19th AGM of the Company was conducted virtually on 23 September 2021, all Directors were present at the meeting. The Chairman of the Meeting invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and External Auditors were in attendance to respond to the shareholders' queries.

YBS dispatches its notice of AGM to shareholders at least 28-days before the AGM. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

The Board took note the advantages of remote shareholders meeting as promoted by the MCGG. However, the Board is of the opinion that the implementation of the remote shareholders meeting will only be conducted based on various consideration taking account on the number of shareholders and their location and costs involved.

This statement is made in accordance with a resolution of the Board dated 6 July 2022.





# ADDITIONAL DISCLOSURE REQUIREMENTS

## 1. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from any corporate proposals during the financial year ended 31 March 2022 ("FY2022").

## 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the FY2022 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:

Category	Audit Fees RM	Non-Audit Fees RM
Company	32,000	2,500
Subsidiaries	139,585	23,732
Total	171,585	26,232

## 3. Material Contracts

There were no material contracts entered into by the Group involving Directors' or major shareholders' interests, either still subsisting at the end of the financial year, or entered into since the end of the previous financial year

## 4. Employees' Share Option Scheme

The shareholders of the Company had vide its Extraordinary General Meeting held on 25 February 2016 approved the establishment of an Employees' Share Option Scheme ("ESOS").

The implementation of the ESOS is effective from 1 March 2016 and shall expire on 28 February 2026. The total number of ESOS granted and the movement during FY2022 are set out below:

	Number of ESOS as at 31 March 2022				Balance as at 31 March 2022
	Balance as at 1 April 2021	Granted	Exercised	Lapse/ Forfeited	
Directors	5,284,800	-	(1,321,200)	-	3,963,600
Employees	18,381,000	-	(5,197,000)	(2,636,000)	10,548,000
<b>Total</b>	<b>23,665,800</b>	<b>-</b>	<b>(6,518,200)</b>	<b>(2,636,000)</b>	<b>14,511,600</b>

The vesting period of the ESOS was five (5) years period commencing from 7 September 2020.

Pursuant to the Company's ESOS, not more than 60% of the options available under scheme shall be allotted, in aggregate, to the Executive Directors and Senior Management. Since the commencement of the scheme, 27% of the options available under the scheme have been granted to Executive Directors and Senior Management.

The table below set out the options granted to and exercised by the Non-Executive Directors pursuant to the ESOS in respect of the financial year ended 31 March 2022:

	Number of ESOS as at 31 March 2022				Balance as at 31 March 2022
	Balance as at 1 April 2021	Granted	Exercised	Lapse/ Forfeited	
Ybhg Dato' (Dr) Pahamin Ab Rajab	300,000	-	-	-	300,000
Low Hee Chung	500,000	-	(200,000)	-	300,000
Gor Siew Yeng	304,000	-	(76,000)	-	228,000



# AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) was established on 20 May 2003 with the primary objective of assisting the Board in fulfilling its fiduciary responsibilities relating to accounting and reporting practices, and systems of internal control of the Group.

## MEMBERSHIP

The AC presently comprises the following members:

Chairman	:	Low Hee Chung	(Independent Non-Executive Director)
Members	:	Gor Siew Yeng	(Independent Non-Executive Director)
		Dato’ Jimmy Ong Chin Keng	(Independent Non-Executive Director)

Mr. Low Hee Chung, the Chairperson of the AC is a Chartered Accountant of the Malaysian Institute of Accountants, which is in compliance with paragraph 15.09(1) of the ACE Market Listing Requirements (“ACE LR”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”). All members of the AC are financially literate and believed to be able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC.

The Nominating Committee had on 6 July 2022 assessed the performance of the AC and its members through an annual board committee effectiveness evaluation. The Nominating Committee is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC’s Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

The roles and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company’s website at <http://www.ybsinternational.com>.

## MEETINGS

During the financial year ended 31 March 2022 (“FY2022”), a total of five (5) AC meetings were held and the details of the attendance are as follows:

	Meeting Attendance
Low Hee Chung	4/5
Gor Siew Yeng	5/5
Dato’ Jimmy Ong Chin Keng	5/5

The AC conducted its meetings in an open and constructive manner and encouraged focused discussions, questions and expressions of differing opinions. The External Auditors and Internal Auditors attended meetings of the AC to present their reports. As and when necessary, the AC would request the attendance of relevant personnel at its meetings to brief the AC on specific issues. The representative from the Finance Division also attended the AC meetings to present the unaudited quarterly financial statements, as well as other financial reporting related matters for the AC’s deliberation and recommendation to the Board for approval, where appropriate.

At each meeting, the Chairman of the AC reported the AC’s deliberations and recommendations to the Board. Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for notation.



## AUDIT COMMITTEE REPORT (CONT'D)

### ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the FY2022 in discharging its functions:

#### Financial Reporting

The Committee reviewed the fourth quarterly financial statements of the Group for FY2022 on 26 May 2022 and also reviewed the first, second and third quarterly financial statements of the Group for FY2022 and recommended the same to the Board for approval during its AC meeting held on 26 August 2021, 18 November 2021 and 17 February 2022 respectively. The Committee reviewed and was satisfied that the said quarterly financial statements are prepared in compliance with the Malaysian Financial Reporting Standards ("MFRSs") 134 - Interim Financial Reporting issued by Malaysian Accounting Standards Board and Appendix 9B of the ACE LR.

#### External Auditors

During the FY2022, three (3) discussion sessions between the AC and the external auditors were held on 27 May 2021, 8 July 2021 and 17 February 2022 respectively.

On 27 May 2021 and 8 July 2021, the AC reviewed and discussed with the External Auditors Messrs. Crowe Malaysia PLT on the progress and results of their audit for the financial period ended 31 March 2021 ("FY2021") and the outstanding audit areas as summarised in the Audit Review Memorandum. The AC also deliberated on audit issues raised by the External Auditors and the action plans required to address those issues. During the Meeting, the AC enquired the External Auditors whether they have encountered any matter/concern/issue during the course of audit including the co-operation rendered by the staff. The External Auditors informed that the Management had granted full co-operation to the External Auditors during their course of audit.

On 17 February 2022, the External Auditors, Messrs. Crowe Malaysia PLT tabled the Audit Plan prior to the commencement of the audit of the financial statements for FY2022, more particularly as below:

- a) Audit Approach;
- b) Areas of Audit Emphasis;
- c) Group Audit;
- d) Information Technology;
- e) Internal Auditors;
- f) Reporting and Deliverables;
- g) List of Audit Engagement Team; and
- h) Audit Fee.

Besides, further to the briefing by the External Auditors, the Committee took note on the epidemic of the Covid-19 pandemic occurred during the financial year and the extent of the financial impact of the pandemic to its operation in the preparation of the financial statements.

The AC has also obtained confirmation from the External Auditors that Messrs. Crowe Malaysia PLT have maintained its independence in accordance with Messrs. Crowe Malaysia PLT's requirements and with the provision of the By-Laws on Professional Independence of the Malaysian Institute of Accountants (MIA), they are not aware of any cause that in their professional judgement, may be thought to impair their independence.

On 26 May 2022, the External Auditors was invited to the AC Meeting to table the Audit Review Memorandum to the Audit Committee summarised the significant audit, accounting and internal control issues identified during the statutory audit of the Group for FY2022.

On 6 July 2022, the External Auditors attended the AC Meeting to table the closing Audit Review Memorandum updating the Audit Committee on the finalization of audit of the financial statements of the Group for FY2022.



## AUDIT COMMITTEE REPORT (CONT'D)

### ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

#### External Auditors (Cont'd)

On 6 July 2022, the AC has undertaken an assessment of the suitability and independence of the External Auditors considering the factors which include adequacy of experience and resources of the firm and the professional staff assigned to the audit, independence, audit fees and the level of non-audit services to be rendered by the External Auditors to the Company, etc.

Based on the assessment, the AC recommended the re-appointment of Messrs. Crowe Malaysia PLT as the External Auditors of the Group for the ensuing year ending 31 March 2023 after having satisfied with its audit independence and the performance of Messrs. Crowe Malaysia PLT throughout its course of audit for the FY2022, amongst others:-

- satisfied that the quality processes/performance of External Auditors;
- able to give adequate technical support when audit issues arise;
- networking ability and competency to address audit of overseas subsidiaries; and
- adequate experience and resources of Messrs. Crowe Malaysia PLT.

#### INTERNAL AUDIT FUNCTION

The Group has engaged the services of an independent professional accounting and consulting firm, BDO Governance Advisory Sdn. Bhd. ("BDOGA") to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. BDOGA reports directly to the Committee on its activities. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. The cost incurred for the internal audit function for FY2022 was RM44,000.

During the FY2022, the Internal Auditors presented its findings together with recommendations and management action plans to the Committee at the Meetings on 27 May 2021, 26 August 2021, 18 November 2021 and 17 February 2022 respectively. The AC also followed up from time to time the updates and corrective actions by the Management on audited areas reported in the prior quarters.

During the FY2022, the Internal Auditors have conducted review on internal control of its subsidiary(ies) in focusing on the following areas:

Company	Audit Areas	Reporting Date
Bumblebee Eco Solutions Sdn. Bhd.	• Sales to Receipt	27 May 2021
Edaran Precision India Private Limited	• Sales to Receipt and Treasury Management	26 August 2021
YBS Group	• Management of Corporate Liability	18 November 2021
Oriental Fastech Manufacturing (Vietnam) Co., Ltd.	• Sales to Receipt and General Safety and Security	17 February 2022

On 17 February 2022, the Internal Audit Plan for the year 2022/2023 was tabled for the AC's review and approval. The AC reviewed and approved the said Plan after taking into consideration the comments from the committee and the advise from the Internal Auditors.





## AUDIT COMMITTEE REPORT (CONT'D)

### RISK MANAGEMENT AND INTERNAL CONTROL

On 27 May 2021 and 18 November 2021 respectively, the AC reviewed and discussed the Risk Assessment Report tabled by the Risk Management Committee, the discussion includes risk assessment, summary of action plans and action taken by the management and update of risks register. The Audit Committee reviewed the Statement on Risk Management and Internal Control in respect of FY2022 on 6 July 2022 for publication in the Annual Report 2022. Information pertaining to the Company's internal controls is shown in the Statement on Risk Management and Internal Control set out on page 37 to 40 of this Annual Report.

### OTHERS

On 8 July 2021, the AC reviewed and verified the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS") for FY2021 and satisfied that it is in compliance with the criteria set out in the By-Laws and provision of the ESOS.

It was noted that there is no options granted pursuant to the ESOS during FY2022.

The AC reviewed and discussed with Senior Management on the Group's Annual Budget half yearly and reviewed the Group Aging Report on quarterly basis.

The AC also reviewed and discussed the recurrent related party transactions on quarterly basis and satisfied that they were undertaken on an arm's length basis and on normal commercial terms not more favourable to the related party than those generally available to the public.

This statement is made in accordance with the resolution of the Board dated 6 July 2022.



# STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Directors are required under the Companies Act, 2016 to prepare the financial statements for each financial year. These financial statements are to be drawn up in accordance with applicable approved accounting standards other than private entities as issued by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements, the Directors have considered the following:

- that the Group and the Company have used appropriate accounting policies that are consistently applied;
- that reasonable and prudent judgements and estimates were made;
- that the applicable approved accounting standards in Malaysia have been applied; and
- that the preparation of the financial statements was on a going concern basis.

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

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board dated 6 July 2022.



# SUSTAINABILITY STATEMENT

## INTRODUCTION

The Board of Directors of YBS International Berhad (the “Company” or the “Group”) acknowledge the importance of embedding sustainability considerations into the Group’s operations when developing business strategies in achieving its short-term and long-term objectives. In line with our core principle, the Group is committed **“to be recognised as the ONLY Supplier of Choice and assist customers to be more competitive in global market”**.

This Statement sets out the sustainability measures that our Group considers as material sustainability risks and opportunities, focuses on economic, environmental and social implications that the Group is exposed to, and arising from the Group’s business operations.

During the financial year ended 31 March 2022, the sustainability initiatives undertaken by our Group were as follows:

## STAKEHOLDERS

Our Group believes that stakeholders are the key to the continuous success and business sustainability of the Group. By establishing effective and transparent communication channel with our stakeholders, our Group has a better understanding on their concerns. The table below summarises various type of stakeholder engagement:

Stakeholders	Method of Engagement
Shareholders	<ul style="list-style-type: none"><li>• Annual General Meeting and Annual Report</li><li>• Quarterly Results Announcement</li><li>• Corporate Website</li></ul>
Government and Regulatory Bodies	<ul style="list-style-type: none"><li>• Report Submission</li><li>• Communication for Updates</li><li>• Audit or Inspection Visit by Authorities</li></ul>
Suppliers/Contractors/Consultants	<ul style="list-style-type: none"><li>• Annual Evaluation and Performance Review</li><li>• Regular Meetings and Correspondence</li><li>• Site Inspection Exercise</li><li>• Contract Negotiation</li></ul>
Customers	<ul style="list-style-type: none"><li>• Customer Satisfaction Survey</li><li>• Frequent Customer Engagement and Interaction</li><li>• On-site Factory Visit</li></ul>
Employees	<ul style="list-style-type: none"><li>• Training and Development</li><li>• Performance Appraisal Exercise</li><li>• Corporate Events and Internal Communications</li></ul>
Local community	<ul style="list-style-type: none"><li>• Donations</li><li>• Community or engagement programme</li></ul>

## ECONOMIC

Our Group is committed to manage the business responsibly to enhance our competitiveness and delivering long term financial sustainability to our stakeholders. The manufacturing facilities within our Group are accredited with ISO 9001: Quality Management System. We are committed to supply quality products and ensuring customers’ satisfaction through continual improvement in technology, processes and services.

We recognise the importance of meeting customers’ requirements. In this regard, our sales and marketing personnel visit our customers regularly to obtain customers’ feedback on the quality of our products and services. We also invite our customers for factory visits and to review and understand our production processes. This practice also helps to build a strong and trustworthy trade relationship with our customers.

We practise transparent and fair procurement policies among our suppliers. We conduct annual evaluation and performance review on our suppliers in meeting several criteria such as pricing, on-time delivery, quality and timely response.



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## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT

Our Group is committed to safeguarding the environment, we continue to monitor and minimise any potential adverse effects of our business operations that may impact the community and environment.

#### Environment Management System

Our Group recognise the impact of our day-to-day business operations on the environment. As such, we are committed to achieving excellence in manufacturing and managing our operations in an environmentally sustainable way by continuously reviewing the controls and standard operating procedures with regard to our business operations and manufacturing activities. Our manufacturing plants are accredited with ISO 14001: Environment Management System.

During the financial year, environmental audits that were focused on significant aspects, risks and objectives as required by the Environmental Management System standards were conducted. We have systems in place to monitor and measure noise exposure, environmental air, scheduled waste disposal and sewage discharge to meet legal requirements.

#### Electricity and Paper Consumption

We promote environmental conscious work practices such as energy saving and recycling in order to reduce adverse impact on the environment. We have monitored the energy and water consumption on a monthly basis and any unusual deviations shall be promptly addressed and investigated. Our employees are educated to switch off air-conditioning and lightings during lunch hours and after office hours to reduce unnecessary energy consumption. Also, any leakage of water connections will be fixing as soon as it is noticed to avoid waste consumption. Our employees are also encouraged to reduce printing or photocopying, and where possible, to use double side printing and recycled paper to reduce carbon footprint on the environment. Our Group also encourage paperless working environment and practice online E-payment to suppliers, E-notification from human resource department to all employees and E-Annual Report to shareholders.

#### Waste Management

We ensure that waste is properly managed and stored. Used materials such as papers or paper cartons are reused, where possible, or collected by scrap collector to recycling centre. Non-recyclable waste is disposed of responsibly in compliance with regulatory requirements through appointed waste contractor.

### SOCIAL

#### The Workplace

Our Group identified that workplace safety and health is one of the key areas of sustainability for our business. In this regard, we continuously aim to provide a safe working environment for all our employees, customers, suppliers and business partners entering our premises and ensure safe practices in all aspects.

Regular workplace safety inspections and audits and training form part of our comprehensive measures to ensure workplaces are secure, safe, neat and tidy. Various health and safety programmes such as fire drills, safety system checks on equipment and basic first aid training is held regularly to ensure that our employees are well prepared in the event of emergency. We have formed Emergency Response Team to handle emergency situations pending the arrival of assistance from the respective authorities during emergency situations.

We also provide our employees the right protection equipment tools such as face masks, hand gloves and safety shoes with educate our employees to wear these protection equipment tools while working. Smoking is also prohibited within the factories to prevent for fire incidence at the workplace.





## SUSTAINABILITY STATEMENT (CONT'D)

### SOCIAL (CONT'D)

#### The Employees

Recognising that our employees are our greatest asset and strength, we continue to focus on human capital development to help our employees reach their full potential. We also provide on-the-job training, both internal and external, to our employees to ensure that they are well equipped with the necessary skills, job knowledge and competency level, so that they can execute their roles and responsibilities effectively and efficiently as well as for their personal and career development.

We recognise that promoting health is an essential part of our responsibility to our employees. In this regard, various initiatives such as sports activities are carried out regularly, aimed at developing a healthy lifestyle among our employees. We also take care of the health and well-being of our employees via medical benefits as well as Group Personal Accident and Group Hospitalisation and Surgical Insurance coverage.

#### The Community

Our Group recognise that we can make a positive impact to the community by giving financial and other resources towards meaningful causes. We provide industrial training for students undertaking various courses every year. During the financial year, our Group had continued to take in students from local institutions, colleges and universities as trainees. This practice provided a chance for our Group to discover talented candidates to work with us as well as supporting the Malaysian educational system for human capital development.

### CONCLUSION

Our Group is committed in balancing good economic performance with responsible environmental and social commitments, we will ensure that the notion of sustainability be embedded within our organisation as an important corporate culture. We will strive to ensure our sustainability practices by applying effective and responsible approach and mitigating foreseeable risks in delivering sustainable value to our stakeholders. We also practice to report the sustainability progress through transparent sustainability reporting.

This statement is made in accordance with a resolution of the Board dated 6 July 2022.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“ACE LR”) and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors (“Board”) is pleased to present the Statement on Risk Management and Internal Control (the “Statement”) which outlines the governance policies, key elements, nature and scope of risk management and internal control of the Group during the financial year and up to date of approval of this Statement.

## BOARD'S RESPONSIBILITY

The Board is committed to the continuous improvement of internal control and risk management practices within the Group to meet its business objectives. The Board affirms its overall responsibility to establish a sound risk management framework and internal control system, and for reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. It covers not only financial controls but operational and compliance controls, and risk management.

However, such systems, by their nature, can only provide reasonable, but not absolute, assurance against hindering the Group from achieving its business objectives, material misstatement, loss and fraud. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

The Board through the Audit Committee, maintains risks oversight for the Group by carrying out the following:

- i. Ongoing reviews with the key management within the Group on the development and maintenance of risk management and internal control framework.
- ii. Review the results of the internal audit programme, processes or investigation undertaken on a quarterly basis, and whether or not appropriate action is taken on the recommendations made by the internal auditors.
- iii. Review with external auditors on the results of their audit, the audit report and internal control recommendations in respect of internal control weaknesses noted in the course of their audit on an annual basis.

## RISK MANAGEMENT

The Board recognises the importance for identifying, evaluating and managing the significant risks that could potentially impact the Group.

A Risk Management Committee (“RMC”) was established to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic and operational risks. The RMC oversees the potential risks concerning the business and operations to ensure that they are effectively managed and reports its concerns to the Audit Committee and Board.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT (CONT'D)

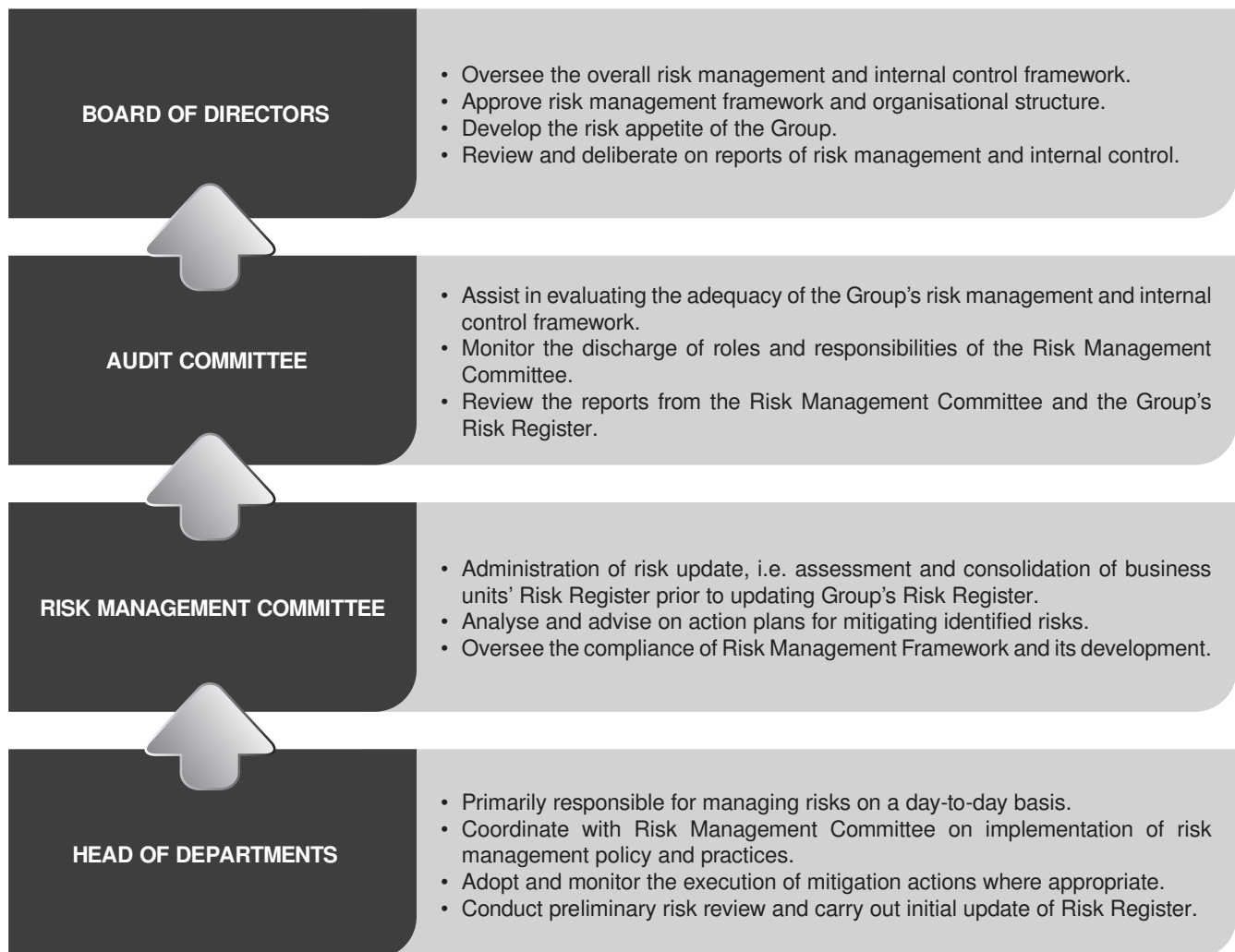
#### Risk Management Framework

A formal risk management framework has been established with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is also designed to ensure proper management of risks that may impede the achievement of the Group's strategic business objectives.

The key elements of the Group's Risk Management Framework are described below:

#### Risk Management Structure

The following diagram outlines the main parties and their roles and responsibilities in risk management:



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT (CONT'D)

#### Risk Management Framework (Cont'd)

##### Risk Management Process

A summary of the risk management procedures undertaken under the structure of the Group's Risk Management Framework can be delineated as such:

- i. Risk Identification Process
  - Procedures of identifying all hazards, threats or opportunities which may impact the achievement of the Group's business objectives.
- ii. Risk Evaluation Process
  - Process of ranking risk based on a set of prescribed measures which involves the consideration of the following:
    - Likelihood of each of the risks that may occur.
    - Potential impact/consequence of each of the risks, should it occur.
  - Assessment of risk is undertaken by combining estimates of impact and likelihood within the context of existing control environment and measures.
- iii. Risk Treatment Process
  - This phase involves the identification of risk mitigation measures and evaluation of those options in relation to the range of risk identified.
  - Upon the finalisation of said plan, the implementations of mitigation actions are delegated for execution.
- iv. Risk Monitoring and Reporting
  - Procedures which include the review of status of action plans and key performance indicators, where applicable in view to provide assurance that risks are being managed as expected.
  - Regular monitoring of the Group's risk profile reflecting the changing circumstances and new exposures.
  - Risk reporting structure that defines the level of risk escalation process and format of reporting for progressive status updates and matters which require immediate actions.

### INTERNAL CONTROL

The key elements of the Group's Internal Control System are described below:

- i. The Board has established a hierarchical organisation structure with proper segregation of duties for key functions of the operations of the Group.
- ii. Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are clearly defined to ensure accountability and responsibility.
- iii. Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations. YBS has a stand-alone Whistle Blowing Policy to provide an avenue for staff or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines. YBS has adopted a zero-tolerance approach towards bribery and corruption and developed an Anti-Bribery and Corruption Policy to comply with the Malaysian Anti-Corruption Commission Act 2018 and any of its amendments. All concerns reported will be taken seriously, treated in confidential manner and investigated immediately.
- iv. The significant operations of each business unit of the Group are accredited with ISO 9001: Quality Management System and ISO 14001: Environmental Management System, and are subject to yearly audit reviews. This ensures that the quality and environmental management system comply with international standards and are continuously improved upon.
- v. An annual budget where key performance indicators for each business unit are set, are submitted to the Board for approval. Actual performance is reviewed against budget every six months, allowing timely response and corrective actions to be taken to mitigate significant risks.
- vi. The Group's performance is monitored through management and operational meetings attended by Senior Management. The Executive Directors are also actively involved in the day-to-day operations of the Group.





## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### INTERNAL CONTROL (CONT'D)

- vii. There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfill their responsibilities. An induction programme is conducted for all new employees to ensure that they are aware of the existing code of ethical conduct and culture. Training and development programmes are identified and scheduled for employees to ensure that employees are equipped with the necessary knowledge and competencies to carry out their responsibilities. In addition, a formal employee appraisal to evaluate and measure the employees' performance and their competency is performed at least once a year.
- viii. Quarterly and yearly financial and management reports are submitted to the Audit Committee and the Board for review and approval.
- ix. There is sufficient insurance coverage and physical safeguards on major assets to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken in which Management reviews the coverage based on the current fixed assets and inventory balances and the respective net carrying amounts and "replacement value", i.e. the prevailing market price for the same or similar item, where applicable.
- x. Through internal audits, the Audit Committee assesses compliance with policies and procedures and relevant laws and regulations. In addition, it examines and evaluates the effectiveness and efficiency of the Group's internal control system.

### INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional firm (the "Internal Auditors") which carries out its functions independently using the risk-based approach and provides the Audit Committee and the Board with the assurance on the adequacy and effectiveness of the system of internal control.

The key elements of the Group's Internal Audit Function are described below:

- i. Prepare a detailed Annual Audit Plan in consultation with the Senior Management on the scope and frequency of the internal audit activities for the Audit Committee's approval.
- ii. Carry out all activities to conduct the audits in an effective, professional and timely manner.
- iii. Inform the Management upon completion of each audit for any significant control lapses and/or deficiencies noted from the reviews for their verification and corrective action plan.
- iv. Report to the Audit Committee on a quarterly basis on any non-compliance, internal control weaknesses and agreed actions taken by Management to resolve the audit issues that had been identified.

### ASSURANCE FROM MANAGEMENT

The Board has received assurance in writing from the Group's Managing Director and the Finance Managers of the Group that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the ACE LR, the External Auditors have reviewed this Statement for inclusion in the annual report of the Group for the year ended 31 March 2022 in accordance with Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the annual report and reported to the Board that nothing has come to their attention that cause them to believe that this statement, in all material respects: has not been prepared in accordance with the disclosure required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

### CONCLUSION

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This statement is made in accordance with a resolution of the Board dated 6 July 2022.



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# DIRECTORS' REPORT



The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

## RESULTS

	The Group RM	The Company RM
Profit after tax for the financial year	6,192,086	640,762
<b>Attributable to :</b>		
Owners of the Company	6,168,340	640,762
Non-controlling interests	23,746	-
	6,192,086	640,762

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2022.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- the Company increased its issued and paid-up share capital of the Company from RM 35,692,306 to RM 36,903,500 by ways of issuance of 6,518,200 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme at the exercise prices as disclosed in Note 20(b) to the financial statements which amounted to RM 1,211,194. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.
- there were no issues of debentures by the Company.



## DIRECTORS' REPORT (CONT'D)

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

### EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 25 February 2016. The ESOS is to be in force for a period of 5 years effective from 1 March 2016.

On 13 August 2020, the Board of Directors of the Company approved the extension of the duration of the ESOS for an extended period of 5 years from 1 March 2021 to 28 February 2026.

The main features of the ESOS are as follows:-

- (i) Eligible person is those who has been confirmed in service on the date of offer, who is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings. If the eligible person is an employee, the eligible person has to be employed full time by and on the payroll of any entity in the Group and fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time. In respect of a director, the director must be at least 18 years of age and is not an undischarged bankruptcy nor subject to any bankruptcy proceedings. The director has to be appointed as a director of the Company or any entity in the Group for such period as may be determined by the ESOS Committee prior to and up to the date of offer and fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.
- (ii) The maximum allowable allotments for the directors was approved by the shareholders of the Company at the Extraordinary General Meeting. The ESOS Committee may, in its absolute discretion, waive any of the conditions of the eligibility as set out above. The eligibility and number of ESOS options to be offered to an eligible person shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.
- (iii) The aggregate number of ordinary shares to be issued under the ESOS shall not exceed 30% of the issued and paid-up ordinary share capital of the Company at any given time.
- (iv) The ESOS shall be in force for a period of 5 years from 1 March 2016. The Company may, if the Board of Directors deems fit and upon the recommendation of the ESOS Committee, extend the ESOS for another period of up to a maximum of 5 years commencing from the day after the date of expiration of the original 5 years period.
- (v) The option price is to be determined by the Board of Directors upon recommendation from the ESOS Committee based on the volume weighted average market price ("VWAMP") of the Company's ordinary shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time over the duration of the ESOS.
- (vi) The option granted to an option holder under the ESOS is exercisable by the option holder only during the employment with the Group or tenor as director of any entity of the Group and within the option exercise period to be determined by the ESOS Committee subject to any maximum limit as may be determined by the Board of Directors under the By-Laws of the ESOS and any other terms and conditions as may be contained in the option certificate.
- (vii) The new ordinary shares arising from the exercise of the ESOS option will, upon allotment and issuance, rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the new ordinary shares will not be entitled to any dividends, rights, allotments and/or other form of distribution which may be declared, made or paid to the shareholders, the entitlement date of which precedes the date of allotment and issuance of such new ordinary shares.

The details of the ESOS are disclosed in Note 20(b) to the financial statements.



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## DIRECTORS' REPORT (CONT'D)



### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities 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.

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

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 29 to the financial statements.

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, in the opinion of the directors, 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.



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

YBhg Dato' (Dr) Pahamin Ab Rajab  
Yong Chan Cheah  
Yong Swee Chuan  
Low Hee Chung  
Gor Siew Yeng  
Dato' Jimmy Ong Chin Keng

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Khor Leong  
Khor Sian Phang  
Poa Mei Ling  
Joy Varghese (Appointed on 20 September 2021)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares or options over unissued shares of the Company and its related corporations during the financial year are as follows:-



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YBS International Berhad  
200201014380 (582043-K)

	Number of Ordinary Shares		
	At 1.4.2021	Bought	Sold
<b>The Company</b>			
YBhg Dato' (Dr) Pahamin Ab Rajab			
- Direct interest	12,000,000	-	7,500,000
Yong Chan Cheah			
- Direct interest	13,447,579	522,600	13,447,579
- Indirect interest*	45,600,000	49,695,157	59,047,578
Yong Swee Chuan			
- Direct interest	13,447,578	522,600	13,447,578
- Indirect interest*	45,600,000	13,447,578	22,800,000
Low Hee Chung	-	200,000	-
Gor Siew Yeng	76,000	76,000	-

	Number of Options under Employee Share Option Scheme		
	At 1.4.2021	Granted	Exercised
<b>The Company</b>			
YBhg Dato' (Dr) Pahamin Ab Rajab	300,000	-	-
Yong Chan Cheah	2,090,400	-	522,600
Yong Swee Chuan	2,090,400	-	522,600
Low Hee Chung	500,000	-	200,000
Gor Siew Yeng	304,000	-	76,000

\* Deemed interest held through substantial shareholdings held in corporations which held shares in the Company.

By virtue of their interests in the Company, Yong Chan Cheah and Yong Swee Chuan are deemed to have interests in the shares of the Company and its related corporations during the financial year in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares or options over unissued shares of the Company or its related corporations during the financial year.



## DIRECTORS' REPORT (CONT'D)



### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statement, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than share options granted to certain directors pursuant to the ESOS of the Company.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 33 to the financial statements.

### INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors and certain officers of the Group was RM 91,538.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 38 to the financial statements.

### SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 39 to the financial statements.

### AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 29 to the financial statements.

Signed in accordance with a resolution of the directors dated 6 July 2022.

Yong Chan Cheah

Yong Swee Chuan



# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Yong Chan Cheah and Yong Swee Chuan, being two of the directors of YBS International Berhad, state that, in the opinion of the directors, the financial statements set out on pages 51 to 129 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 of 31 March 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 6 July 2022.

**Yong Chan Cheah**

**Yong Swee Chuan**



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YBS International Berhad  
200201014380 (582043-K)

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Yong Chan Cheah, being the director primarily responsible for the financial management of YBS International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Yong Chan Cheah at Muar in the state of  
Johor Darul Takzim on this 6 July 2022.

**Yong Chan Cheah**

Before me  
**Lim Pei Ling**  
No. J238  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF YBS INTERNATIONAL BERHAD

(INCORPORATED IN MALAYSIA) REGISTRATION NO.: 200201014380 (582043-K)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of YBS International Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinions

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of goodwill	
Key audit matter	How our audit addressed the key audit matter
<p>We focused on this area because the Group carries significant goodwill.</p> <p>The Group's assessment of impairment of goodwill is a judgemental process which requires estimates concerning the forecast future cash flows associated with the goodwill held in determining the value in use.</p> <p>Refer to Note 4.3 in the summary of significant accounting policies and Note 9 to the financial statement.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"><li>• Reviewed the reasonableness of assumptions, either individually or as a whole, provide a reasonable basis for the fair value measurements and disclosures;</li><li>• Determined the method of valuation chosen by management is appropriate and identify if there are any indicators of possible management bias;</li><li>• Developed stress tests on certain key assumptions used and assess the range estimate for all reasonable outcomes; and</li><li>• Established that if there is any foreseeable reasonable possible change in key assumptions that will trigger the recoverable amount to be lower than the carrying amount.</li></ul>



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YBS INTERNATIONAL BERHAD (CONT'D)

(INCORPORATED IN MALAYSIA) REGISTRATION NO.: 200201014380 (582043-K)

## Key Audit Matters (Cont'd)

Impairment assessment of investment in subsidiaries	
Key audit matter	How our audit addressed the key audit matter
<p>The Company has investment in subsidiaries with aggregate carrying amount of approximately RM 47,158,324 as at 31 March 2022.</p> <p>Management carried out impairment assessment on the Company's investment in subsidiaries with impairment indicator in which the subsidiaries' net assets value is below their respective cost of investment of the Company, namely Oriental Fastech Manufacturing Sdn. Bhd., Edaran Precision India Private Limited, Bumblebee Eco Solutions Sdn. Bhd. and Edaran Interconnect Sdn. Bhd.</p> <p>Refer to Note 4.6 in the summary of significant accounting policies and Note 5 to the financial statement.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>Reviewed the reasonableness of assumptions on 5 years cash flow forecasts, either individually or as a whole, provide a reasonable basis for the value in use measurements and disclosures;</li> <li>Checked that cash flows which are attributable to equity holders had been appropriately included within the value in use calculations;</li> <li>Developed stress tests on certain key assumptions used and assess the range estimate for all reasonable outcomes; and</li> <li>Established that if there is any foreseeable reasonable possible change in key assumptions that will trigger the recoverable amount to be lower than the carrying amount.</li> </ul>

## 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 such as Directors' Report and statement by directors included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

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

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





## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YBS INTERNATIONAL BERHAD (CONT'D)**

(INCORPORATED IN MALAYSIA) REGISTRATION NO.: 200201014380 (582043-K)

### **Responsibilities of the Directors for the Financial Statements (Cont'd)**

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.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.





**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF YBS INTERNATIONAL BERHAD (CONT'D)**  
(INCORPORATED IN MALAYSIA) REGISTRATION NO.: 200201014380 (582043-K)

**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 5 to the financial statements.

**OTHER MATTERS**

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**Ng Kim Hian**  
02506/04/2023 J  
Chartered Accountant

Muar, Johor Darul Takzim  
Date: 6 July 2022



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Investment in subsidiaries	5	-	-	47,158,324	44,359,093
Property, plant and equipment	6	56,710,786	38,549,608	10,137	11,568
Investment properties	7	593,548	608,328	-	-
Right-of-use assets	8	20,213,663	20,669,025	-	-
Goodwill	9	10,655,631	10,655,631	-	-
Deferred tax assets	10	433,580	406,560	10,000	9,000
Amount owing by subsidiaries	14	-	-	2,882,930	3,851,860
		88,607,208	70,889,152	50,061,364	48,231,521
<b>Current Assets</b>					
Inventories	11	13,737,238	10,395,678	-	-
Trade receivables	12	13,843,880	10,975,355	-	-
Other receivables, deposits and prepayments	13	3,976,818	2,893,111	25,810	15,330
Amount owing by subsidiaries	14	-	-	1,055,485	778,609
Amount owing by related parties	15	51,324	46,219	-	-
Short-term investment	16	2,279,000	2,933,669	-	-
Current tax assets		291,542	591,495	-	-
Fixed deposits with licensed banks	17	2,129,071	189,225	-	-
Cash and bank balances		8,195,424	7,823,476	548,287	1,295,974
		44,504,297	35,848,228	1,629,582	2,089,913
<b>TOTAL ASSETS</b>		<b>133,111,505</b>	<b>106,737,380</b>	<b>51,690,946</b>	<b>50,321,434</b>

The annexed notes form an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 MARCH 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	18	36,903,500	35,692,306	36,903,500	35,692,306
Reserves	20	32,568,536	26,253,201	14,028,910	13,296,217
<b>Equity Attributable to Owners of the Company</b>					
Non-controlling interests	5(d)	69,472,036	61,945,507	50,932,410	48,988,523
		2,344,804	1,101,158	-	-
<b>TOTAL EQUITY</b>		<b>71,816,840</b>	<b>63,046,665</b>	<b>50,932,410</b>	<b>48,988,523</b>
<b>Non-Current Liabilities</b>					
Borrowings	21	36,329,708	21,676,109	-	-
Lease liabilities	22	2,312,732	2,948,929	-	-
Deferred tax liabilities	10	802,391	1,233,650	-	-
Deferred income on government grants	23	1,405,478	1,046,354	-	-
		<b>40,850,309</b>	<b>26,905,042</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade payables	24	6,485,510	5,892,959	-	-
Other payables and accruals	25	4,691,559	4,861,102	86,076	91,887
Amount owing to subsidiaries	14	-	-	654,040	1,236,441
Amount owing to related parties	15	-	150,885	-	-
Current tax liabilities		-	-	18,420	4,583
Bank overdrafts	26	610,658	522,294	-	-
Borrowings	21	7,577,734	4,245,875	-	-
Lease liabilities	22	1,078,895	1,112,558	-	-
		<b>20,444,356</b>	<b>16,785,673</b>	<b>758,536</b>	<b>1,332,911</b>
<b>TOTAL LIABILITIES</b>		<b>61,294,665</b>	<b>43,690,715</b>	<b>758,536</b>	<b>1,332,911</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133,111,505</b>	<b>106,737,380</b>	<b>51,690,946</b>	<b>50,321,434</b>



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The annexed notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	27	79,509,324	63,129,594	1,122,500	1,722,510
COST OF SALES		(63,055,079)	(51,260,528)	-	-
GROSS PROFIT		16,454,245	11,869,066	1,122,500	1,722,510
OTHER OPERATING INCOME		1,827,533	921,071	140,827	61,822
SELLING AND DISTRIBUTION EXPENSES		(667,361)	(514,026)	-	-
ADMINISTRATIVE EXPENSES		(8,919,069)	(7,868,573)	(508,039)	(610,344)
OTHER OPERATING EXPENSES		(163,445)	(793,749)	-	(48,329)
OPERATING PROFIT		8,531,903	3,613,789	755,288	1,125,659
FINANCE COSTS		(1,416,703)	(484,739)	-	-
PROFIT BEFORE TAX	29	7,115,200	3,129,050	755,288	1,125,659
INCOME TAX EXPENSE	30	(923,114)	(789,706)	(114,526)	(91,090)
PROFIT AFTER TAX FOR THE FINANCIAL YEAR		6,192,086	2,339,344	640,762	1,034,569
OTHER COMPREHENSIVE INCOME:-					
ITEM THAT MAY BE RECLASSIFIED					
SUBSEQUENTLY TO PROFIT OR					
LOSS					
- FOREIGN CURRENCY TRANSLATION DIFFERENCES		55,064	98,181	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		6,247,150	2,437,525	640,762	1,034,569
PROFIT AFTER TAX FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:-					
Owners of the Company		6,168,340	2,196,891	640,762	1,034,569
Non-controlling interests		23,746	142,453	-	-
		6,192,086	2,339,344	640,762	1,034,569
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:-					
Owners of the Company		6,223,404	2,288,394	640,762	1,034,569
Non-controlling interests		23,746	149,131	-	-
		6,247,150	2,437,525	640,762	1,034,569
EARNINGS PER SHARE					
Basic (sen)	31	2.49	0.91		
Diluted (sen)	31	2.36	0.89		

The annexed notes form an integral part of these financial statements.





# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Group	Note	Non-distributable			Distributable		Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		Share Capital	Foreign Exchange Translation Reserve	Employee Share Option Reserve	Retained Profits				
		RM	RM	RM	RM	RM	RM	RM	RM
<b>At 1 April 2021</b>		35,692,306	650,468	532,675	25,070,058	61,945,507	1,101,158	63,046,665	
<b>Total comprehensive income for the financial year</b>									
Profit after tax for the financial year		-	-	-	6,168,340	6,168,340	23,746	6,192,086	
Other comprehensive income:									
- Foreign currency translation differences		-	55,064	-	-	55,064	-	55,064	
		-	55,064	-	6,168,340	6,223,404	23,746	6,247,150	
<b>Total contributions by and distributions to owners</b>									
Employee share option granted		-	-	488,350	-	488,350	-	488,350	
Employee share option exercised		1,211,194	-	(396,419)	-	814,775	-	814,775	
		1,211,194	-	91,931	-	1,303,125	-	1,303,125	
Subscription of additional shares in a subsidiary by non-controlling interest		-	-	-	-	-	1,219,900	1,219,900	
<b>At 31 March 2022</b>		36,903,500	705,532	624,606	31,238,398	69,472,036	2,344,804	71,816,840	

The annexed notes form an integral part of these financial statements.



**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



The Group	Note	Non-distributable			Distributable		Attributable to Owners of the Company		Non-controlling Interests	Total Equity
		Share Capital	Treasury Shares	Foreign Exchange Translation Reserve	Employee Share Option Reserve	Retained Profits	RM	RM		
		RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>At 1 April 2020</b>		35,116,236	(326,774)	558,965	-	22,922,447	58,270,874	719,077	58,989,951	
<b>Total comprehensive income for the financial year</b>										
Profit after tax for the financial year		-	-	-	-	2,196,891	2,196,891	142,453	2,339,344	
Other comprehensive income:										
- Foreign currency translation differences		-	-	91,503	-	-	91,503	6,678	98,181	
		-	-	91,503	-	2,196,891	2,288,394	149,131	2,437,525	
<b>Total contributions by and distributions to owners</b>										
Treasury shares sold	19	-	326,774	-	-	361,838	688,612	-	688,612	
Employee share option granted		-	-	-	721,220	-	721,220	-	721,220	
Employee share option exercised		576,070	-	-	(188,545)	-	387,525	-	387,525	
		576,070	326,774	-	532,675	361,838	1,797,357	-	1,797,357	
Changes in ownership interest in subsidiary that do not result in a loss of control		-	-	-	-	(411,118)	(411,118)	232,950	(178,168)	
<b>At 31 March 2021</b>		35,692,306	-	650,468	532,675	25,070,058	61,945,507	1,101,158	63,046,665	

The annexed notes form an integral part of these financial statements.



# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Company	Note	Share Capital RM	Treasury Shares RM	Non-distributable		Retained Profits RM	Total Equity RM
				Employee Share Reserve RM	Distributable		
<b>At 1 April 2020</b>		35,116,236	(326,774)	-		11,367,135	46,156,597
Profit after tax and total comprehensive income for the financial year							
<b>Total contributions by and distributions to owners</b>							
Treasury shares sold	19	-	326,774	-		361,838	688,612
Employee share option granted		-	-	721,220		-	721,220
Employee share option exercised		576,070	-	(188,545)		-	387,525
		576,070	326,774	532,675		361,838	1,797,357
<b>At 31 March 2021/At 1 April 2021</b>		35,692,306	-	532,675		12,763,542	48,988,523
Profit after tax and total comprehensive income for the financial year							
<b>Total contributions by and distributions to owners</b>							
Employee share option granted		-	-	488,350		-	488,350
Employee share option exercised		1,211,194	-	(396,419)		-	814,775
		1,211,194	-	91,931		-	1,303,125
<b>At 31 March 2022</b>		36,903,500	-	624,606		13,404,304	50,932,410

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Note	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	7,115,200	3,129,050	755,288	1,125,659
Adjustment for:-				
Depreciation of property, plant and equipment	3,673,913	3,698,729	1,431	1,431
Depreciation of investment properties	14,780	14,780	-	-
Depreciation of right-of-use assets	1,485,843	1,323,676	-	-
Loss on modification of lease liability	28,114	-	-	-
Gain on disposal of property, plant and equipment	(45,394)	(12,817)	-	-
Inventories written down	405,348	197,367	-	-
Reversal of inventories previously written down	(36,185)	(141,922)	-	-
Amortisation of deferred income on government grants	(128,376)	(71,708)	-	-
Property, plant and equipment written off	57,025	8	-	-
Unrealised loss/(gain) on foreign exchange	66,039	480,122	(4,626)	41,783
Share option to employees	488,350	31,796	21,529	31,796
Dividend income	(42,670)	(25,364)	(400,000)	(1,000,000)
Finance costs	1,416,703	484,739	-	-
Interest income	(28,834)	(84,922)	(119,028)	(61,822)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>14,469,856</b>	<b>9,023,534</b>	<b>254,594</b>	<b>138,847</b>

The annexed notes form an integral part of these financial statements.



**STATEMENTS OF CASH FLOWS (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>					
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		14,469,856	9,023,534	254,594	138,847
<b>Changes In Working Capital</b>					
Inventories		(3,710,723)	957,414	-	-
Trade and other receivables, deposits and prepayments		(4,929,178)	(1,353,679)	(10,480)	-
Trade and other payables and accruals		17,538	1,179,075	(5,811)	(178,496)
Related parties		(155,990)	(129,189)	-	-
Subsidiaries		-	-	114,306	(640,466)
<b>CASH GENERATED FROM/(USED IN) OPERATIONS</b>		5,691,503	9,677,155	352,609	(680,115)
Interest paid		(75,600)	(44,250)	-	-
Interest received		28,834	84,922	119,028	61,822
Tax paid		(1,289,020)	(826,963)	(101,689)	(87,752)
Tax refund		198,458	12,159	-	-
Dividend income		42,670	25,364	-	-
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>		4,596,845	8,928,387	369,948	(706,045)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Addition of investment in subsidiaries	5	-	-	(2,332,410)	(178,168)
Addition of right-of-use assets	32(a)	(47,390)	(11,211,162)	-	-
Proceeds from disposal of property, plant and equipment		53,994	81,063	-	-
Purchase of property, plant and equipment	32(a)	(21,090,672)	(14,469,680)	-	-
Dividend received from subsidiaries		-	-	400,000	1,000,000
Placement of fixed deposit pledged with licensed bank		(433,306)	-	-	-
<b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>		(21,517,374)	(25,599,779)	(1,932,410)	821,832

The annexed notes form an integral part of these financial statements.



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**STATEMENTS OF CASH FLOWS (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Acquisition of non-controlling interest		-	(178,168)	-	-
Interest paid		(1,341,103)	(440,489)	-	-
Grant received from government		487,500	500,000	-	-
Drawdown of term loans	32(b)	24,369,252	24,926,040	-	-
Repayment of term loans	32(b)	(6,544,840)	(5,556,647)	-	-
Drawdown of bankers' acceptances	32(b)	8,492,000	6,103,464	-	-
Repayment of bankers' acceptances	32(b)	(8,373,000)	(5,899,464)	-	-
Refinance of lease liabilities	32(b)	-	448,000	-	-
Repayment of lease liabilities	32(b)	(1,088,564)	(1,110,115)	-	-
Proceeds from issuance of shares		814,775	387,525	814,775	387,525
Proceeds from disposal of treasury shares		-	688,612	-	688,612
Subscription of additional shares in a subsidiary by non-controlling interests		1,219,900	-	-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		18,035,920	19,868,758	814,775	1,076,137
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1,115,391	3,197,366	(747,687)	1,191,924
<b>EFFECT OF EXCHANGE DIFFERENCES</b>		20,064	346,531	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		10,234,851	6,690,954	1,295,974	104,050
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	32(d)	11,370,306	10,234,851	548,287	1,295,974

The annexed notes form an integral part of these financial statements.





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The Company's registered office and principal place of business are as follows:-

Registered office: 57-G, Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Bayan Lepas, Penang

Principal place of business : K27, Jalan Perindustrian  
Kawasan Perindustrian Tanjung Agas  
84000 Muar  
Johor Darul Takzim

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 July 2022.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.



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## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including the Consequential Amendments)**

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.



### 3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (including the Consequential Amendments)</b>	<b>Effective date</b>
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Critical Accounting Estimates and Judgements

The outbreak of the Covid-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the Covid-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.1 Critical Accounting Estimates and Judgements (Cont'd)

###### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

###### **(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

###### **(b) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows which are subject to higher degree of estimation uncertainties due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

###### **(c) Impairment of Property, Plant and Equipment**

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

###### **(d) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales including changes in the customer payment profile in response to the Covid-19 pandemic and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date are disclosed in Note 12 to the financial statements.





#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.1 Critical Accounting Estimates and Judgements (Cont'd)**

###### *Key Sources of Estimation Uncertainty (Cont'd)*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below (Cont'd):-

###### **(e) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

###### **(f) Inventories Written Down**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

###### **(g) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences or unused tax losses or unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences or unused tax losses or unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 10 to the financial statements.

###### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

###### **(a) Classification between Investment Properties and Owner-occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply or for administrative purpose.

###### **(b) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.





#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.2 Basis of Consolidation (Cont'd)**

###### **(d) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### **4.3 Goodwill**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

##### **4.4 Functional and Foreign Currencies**

###### **(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

###### **(b) Foreign Currency Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 Functional and Foreign Currencies (Cont'd)

###### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

##### 4.5 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

###### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.





#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.5 Financial Instruments (Cont'd)**

###### **(a) Financial Assets (Cont'd)**

###### Debt Instruments

###### **(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

###### **(ii) Fair Value through Other Comprehensive Income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

###### **(iii) Fair Value through Profit or Loss**

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

###### Equity Instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.5 Financial Instruments (Cont'd)

###### (b) Financial Liabilities

###### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

###### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

###### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

###### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

###### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.





#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.5 Financial Instruments (Cont'd)**

###### **(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

###### **(e) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

##### **4.6 Investments in Subsidiaries**

Investments in subsidiaries are stated at cost in the statements of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

##### **4.7 Property, Plant and Equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.7 Property, Plant and Equipment (Cont'd)

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold building and improvements	1.7 - 20.0%
Plant and machinery	5.0 - 33.3%
Furniture, fittings and office equipment	10.0 - 40.0%
Motor vehicles	10.0 - 20.0%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

##### 4.8 Investment Properties

Investment properties are properties which are owned or right-of-use asset held 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 which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.





#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.9 Leases**

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

##### **4.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes the cost of materials, labour and an appropriate proportion of production overheads. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **4.11 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.





## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.12 Impairment

###### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

###### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.





#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.13 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

##### **4.14 Employee Benefits**

###### **(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

###### **(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

###### **(c) Share-based Payments Transactions**

The Group operates an Employees Share Option Scheme ("ESOS") as an equity-settled, share-based compensation plan under which the entities within the Group receives services from eligible persons (i.e. employees and directors) as consideration for equity instruments (options) of the Company. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted based on the conditions to be determined by the ESOS Committee which may include the following conditions:-

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

In circumstances where eligible persons provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained profits.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.14 Employee Benefits (Cont'd)

###### (c) Share-based Payments Transactions (Cont'd)

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the eligible persons of any subsidiaries in the Group is treated as a capital contribution to the affected subsidiary. The fair value of options granted to eligible persons of the subsidiary in exchange for the services of the eligible persons to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

##### 4.15 Income Taxes

###### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

###### (b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

##### 4.16 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.





#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.17 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 revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

##### **4.18 Earnings per Ordinary Share**

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

##### **4.19 Borrowing Costs**

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

##### **4.20 Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### **4.21 Revenue from Contracts with Customers**

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

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 that asset.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.21 Revenue from Contracts with Customers (Cont'd)

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

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- 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.

##### **Sales of Precision Engineering, Precision Plastics Injection Moulding, Precision Machining and Stamping, Electronic Manufacturing Services and Paper Product**

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### 4.22 Revenue from Other Sources and Other Operating Income

###### (a) Management Fee Income

Management fee income is recognised on an accrual basis.

###### (b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

###### (c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

###### (d) Government Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expense incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the statements of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant assets.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**5. INVESTMENT IN SUBSIDIARIES**

	<b>The Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Unquoted Shares, At Cost</b>		
At 1 April 2021/2020	44,750,835	43,883,243
Subscription of new shares	2,332,410	178,168
Share options granted to employees of subsidiaries	466,821	689,424
At 31 March	47,550,066	44,750,835
<b>Accumulated Impairment Losses</b>	(391,742)	(391,742)
<b>Carrying Amount</b>	47,158,324	44,359,093

The details of the subsidiaries are as follows:-

<b>Name of Subsidiaries</b>	<b>Principal Place of Business/ Country of Incorporation</b>	<b>Issued Share Capital Held by Parent</b>		<b>Principal Activities</b>
		<b>2022</b>	<b>2021</b>	
Edaran Precision Industries Sdn. Bhd.	Malaysia	100%	100%	Design and manufacture of high precision moulds, tools and dies.
Golden City Plastic Sdn. Bhd.	Malaysia	100%	100%	Precision engineering plastic injection moulding and sub-assembly.
Edaran Precision India Private Limited # ("EPIPL")	India	100%	100%	Design and manufacture of precision moulds, tools and dies and jigs and fixtures.
Oriental Fastech Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of precision machining and stamping components for telecommunication, industrial sensors, switches, electronic equipment and other industries and provision of related specialised engineering services, and property letting.
Edaran Resources Pte. Ltd. #	Singapore	100%	100%	Carry out research and experimental development and trading of engineering parts including procurement and distribution.





**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**5. INVESTMENT IN SUBSIDIARIES (CONT'D)**

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Issued Share Capital Held by Parent		Principal Activities
		2022	2021	
Edaran Interconnect Sdn. Bhd.	Malaysia	100%	100%	Manufacture and assembly of electronic components.
Orifast Solutions Sdn. Bhd.	Malaysia	100%	100%	The entity temporarily suspended its operation while the directors are evaluating the future business.
Bumblebee Eco Solutions Sdn. Bhd. ("BESSB")	Malaysia	56%	56%	Manufacture and sale of paper honeycomb products.

Indirect subsidiary held through Oriental Fastech Manufacturing Sdn. Bhd.

Oriental Fastech Manufacturing (Vietnam) Co., Ltd. #	Vietnam	100%	100%	Manufacture of precise mechanical components, labels, metal and paper stamping components for electricity, electric, information and other industries.
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Indirect subsidiary held through Edaran Resources Pte. Ltd.

Orifast Connector Solutions LLC*	United States of America	100%	100%	Design, development and supply of interconnect solutions.
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# Not audited by Crowe Malaysia PLT

\* No requirement for statutory audit in its country of incorporation

- (a) During the financial year, the Company subscribed an aggregate of additional 1,552,600 new shares in BESSB for a total cash consideration of RM 1,552,600. Following the completion of subscription, BESSB remain as 56% owned subsidiary of the Company.
- (b) On 31 October 2021, the Company further subscribed 138,528 new shares in a wholly-owned subsidiary, EPIPL, at a price of INR 100 each by way of conversion of loan granted to EPIPL (included interest) amounting to USD 185,272 (equivalent to approximate RM 779,810) to EPIPL's equity capital.
- (c) During the previous financial year, the Company acquired additional 30% equity interest in EPIPL from its non-controlling interest for a total consideration of RM 178,168. Following the completion for the acquisition on 10 March 2021, EPIPL became wholly-owned subsidiary of the Company.
- (d) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2022	2021	2022	2021
Bumblebee Eco Solutions Sdn. Bhd.	44%	44%	2,344,804	1,101,158



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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



**5. INVESTMENT IN SUBSIDIARIES (CONT'D)**

- (e) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	<b>Bumblebee Eco Solutions Sdn. Bhd.</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>At 31 March</b>		
Non-current assets	12,955,161	1,933,112
Current assets	3,936,171	1,548,821
Non-current liabilities	(7,636,188)	-
Current liabilities	(3,885,876)	(951,357)
Net assets	<u>5,369,268</u>	<u>2,530,576</u>
<b>Financial Year Ended 31 March</b>		
Revenue	4,036,953	3,096,198
Profit after tax for the financial year	53,967	431,872
Total comprehensive income for the financial year	<u>53,967</u>	<u>431,872</u>
Total comprehensive income for the financial year attributable to non-controlling interests	<u>23,746</u>	<u>190,024</u>
Net cash (used in)/from operating activities	(826,827)	642,646
Net cash used in investing activities	(8,340,345)	(87,286)
Net cash from/(used in) financing activities	<u>9,202,331</u>	<u>(353,100)</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

### 6. PROPERTY, PLANT AND EQUIPMENT

The Group 2022	Leasehold Buildings and Improvements RM	Plant and Machinery RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in- Progress RM	Total RM
<b>At Cost</b>						
At 1 April 2021	29,227,597	75,731,989	3,929,412	1,314,449	94,949	110,298,396
Additions	411,447	2,382,190	292,957	388,546	17,934,295	21,409,435
Reclassification	-	599,800	-	-	-	599,800
Disposals	-	(835,967)	-	-	-	(835,967)
Write-off	(145,056)	(63,669)	(64,693)	-	-	(273,418)
Currency translation differences	(4,810)	76,115	1,769	844	1,622	75,540
At 31 March 2022	29,489,178	77,890,458	4,159,445	1,703,839	18,030,866	131,273,786
<b>Less : Accumulated Depreciation</b>						
At 1 April 2021	7,737,609	59,221,662	3,702,729	1,086,788	-	71,748,788
Charge for the financial year	689,291	2,773,406	132,971	78,245	-	3,673,913
Reclassification	-	138,692	-	-	-	138,692
Disposals	-	(827,367)	-	-	-	(827,367)
Write-off	(88,252)	(63,657)	(64,484)	-	-	(216,393)
Currency translation differences	(3,284)	46,374	(2,780)	5,057	-	45,367
At 31 March 2022	8,335,364	61,289,110	3,768,436	1,170,090	-	74,563,000
<b>Carrying Amount</b>						
At 31 March 2022	21,153,814	16,601,348	391,009	533,749	18,030,866	56,710,786

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group 2021	Leasehold Buildings and Improvements RM	Plant and Machinery RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in- Progress RM	Total RM
<b>At Cost</b>						
At 1 April 2020	17,362,201	75,742,557	3,940,941	1,793,593	393,716	99,233,008
Additions	11,873,975	2,263,985	18,049	-	94,306	14,250,315
Reclassification	-	(2,127,240)	-	-	(386,619)	(2,513,859)
Disposals	-	(28,500)	(4,800)	(463,694)	-	(496,994)
Write-off	(2,900)	(22,802)	(16,007)	-	-	(41,709)
Currency translation differences	(5,679)	(96,011)	(8,771)	(15,450)	(6,454)	(132,365)
At 31 March 2021	29,227,597	75,731,989	3,929,412	1,314,449	94,949	110,298,396
<b>Less : Accumulated Depreciation</b>						
At 1 April 2020	7,158,264	56,520,186	3,588,411	1,377,955	-	68,644,816
Charge for the financial year	586,199	2,846,791	142,528	123,211	-	3,698,729
Reclassification	-	(39,946)	-	-	-	(39,946)
Disposals	-	(20,243)	(4,799)	(403,706)	-	(428,748)
Write-off	(2,899)	(22,797)	(16,005)	-	-	(41,701)
Currency translation differences	(3,955)	(62,329)	(7,406)	(10,672)	-	(84,362)
At 31 March 2021	7,737,609	59,221,662	3,702,729	1,086,788	-	71,748,788
<b>Carrying Amount</b>						
At 31 March 2021	21,489,988	16,510,327	226,683	227,661	94,949	38,549,608

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<b>The Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Office Equipment and Signboard</b>		
<b>At Cost</b>		
At 1 April 2021/2020	28,640	28,640
Additions	-	-
At 31 March	28,640	28,640
<b>Less : Accumulated Depreciation</b>		
At 1 April 2021/2020	17,072	15,641
Charge for the financial year	1,431	1,431
At 31 March	18,503	17,072
<b>Carrying Amount</b>		
At 31 March	10,137	11,568

(a) The following property, plant and equipment are charged against banking facilities (Note 21):-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Carrying Amount</b>		
Leasehold buildings and improvements	14,817,097	15,133,301
Plant and machinery	1,972,945	1,576,264
	16,790,042	16,709,565



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**7. INVESTMENT PROPERTIES**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>At Cost</b>	<b>738,392</b>	<b>738,392</b>
<b>Less : Accumulated Depreciation</b>		
At 1 April 2021/2020	130,064	115,284
Charge for the financial year	14,780	14,780
At 31 March	<b>144,844</b>	<b>130,064</b>
<b>Carrying Amount</b>	<b>593,548</b>	<b>608,328</b>

- (a) The fair value of the investment properties which made up to two shoplots units as at 31 March 2022 was approximately RM 960,000 (2021: RM 960,000) are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties. The most significant input into this valuation approach is the price per square feet of comparable properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.
- (b) The expenses incurred by the Group on investment property amounted to RM 18,827 (2021: RM 18,407) for the financial year.
- (c) The investment properties are pledged as security for term loan granted to a subsidiary of the Company (Note 21).





**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**8. RIGHT-OF-USE ASSETS**

The Group	Leasehold land RM	Factory RM	Plant and Machinery RM	Motor vehicles RM	Hostel RM	Total RM
<b>Carrying Amount</b>						
At 1 April 2020	2,295,086	1,457,239	845,774	116,061	-	4,714,160
Additions	13,403,443	-	-	130,979	-	13,534,422
Modification of lease liability	-	1,694,259	-	-	-	1,694,259
Charge for the financial year	(191,906)	(866,176)	(206,155)	(59,439)	-	(1,323,676)
Currency translation differences	-	(14,181)	-	-	-	(14,181)
Reassessment of lease	-	(11,700)	-	-	-	(11,700)
Reclassification	-	-	2,075,741	-	-	2,075,741
At 31 March 2021/ At 1 April 2021	15,506,623	2,259,441	2,715,360	187,601	-	20,669,025
Additions	-	-	-	397,390	22,685	420,075
Modification of lease liability	-	(7,477)	-	-	-	(7,477)
Modification of lease contract	1,052,389	-	-	-	-	1,052,389
Charge for the financial year	(406,687)	(817,691)	(166,148)	(92,481)	(2,836)	(1,485,843)
Currency translation differences	-	26,602	-	-	-	26,602
Reclassification	-	-	(461,108)	-	-	(461,108)
At 31 March 2022	16,152,325	1,460,875	2,088,104	492,510	19,849	20,213,663

- (a) The Group leases certain pieces of leasehold land, factory, plant and machinery, motor vehicles and hostel of which the leasing activities are summarised below:-

- (i) Leasehold land The Group has entered into non-cancellable operating lease agreements for the use of land. The leases are for a period of 48 to 60 years (2021: 48 to 60 years) with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or dispose of the whole or any part of the land.
- (ii) Factory The Group has leased certain factories for a lease terms range from 3 to 9 years (2021: 3 to 9 years), with an option to renew the lease after that date.
- (iii) Plant and machinery The Group has leased its plant and machinery under hire purchase arrangements. The leases are secured by the leased assets. The Company has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
- (iv) Motor vehicles The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Company has an option to purchase the assets at the expiry of the lease period at an insignificant amount.
- (v) Hostel The Group has leased 1 hostel that run for 2 years (2021: NIL) from the commencement date of the tenancy agreement with 2 years (2021: NIL) option to renew the lease after the date.

- (b) The leasehold land of the Group with carrying amount of RM 14,975,116 (2021: RM 15,297,879) is charged against banking facilities (Note 21).





## 9. GOODWILL

	The Group	
	2022 RM	2021 RM
At Cost	13,567,631	13,567,631
Less : Accumulated Impairment Losses	2,912,000	2,912,000
Carrying Amount	10,655,631	10,655,631

The goodwill arose from the Group's acquisition of subsidiaries in the precision machining and stamping operating segment.

The Group performs annual impairment test on goodwill by assessing the recoverable amount of the underlying cash generating units ("CGUs").

For the purpose of impairment testing, the goodwill was allocated to the CGUs within the Group which will benefit from the synergies arising from the goodwill. The goodwill was allocated to precision machining and stamping operating segment, which comprises two CGUs namely Oriental Fastech Manufacturing Sdn. Bhd. and Oriental Fastech Manufacturing (Vietnam) Co., Ltd..

The recoverable amount of the CGUs is determined based on value in use calculations. These calculations use pre-tax cash flows projections based on internally approved financial budgets covering 5 years (2021: 5 years) financial period. Cash flows were projected based on past experience and management's expectations of market development and future business performance. Beyond the 5 years (2021: 5 years) forecast period, a growth rate ranging from 17% to 24% (2021: 4% to 20%) per annum is used to extrapolate the cash flow projections.

Value in use was determined by discounting future cash flows expected to be generated from the continuing use of the CGUs and was based on the following key assumptions:

- Revenue was projected at about RM 61,771,184 (2021: RM 38,138,586) in the first year of the business plan. The anticipated annual revenue growth included in the cash flow projections was between 17% and 24% (2021: 4% and 20%) for the financial years 2023 to 2027 (2021: 2022 to 2026) based on committed and estimated additional orders from both new and existing customers and historical growth experience.
- Pre-tax discount rates of 10.13% (2021: 10.56%) per annum was applied in determining the recoverable amount of the CGUs. The discount rates were estimated based on industry weighted average cost of capital, and taken into consideration risk-free rate and market risk of the countries in which the CGUs operate.

The values assigned to the key assumptions represent management's assessment of future trends in the precision machining and stamping industry and are based on both external sources and internal sources (historical data).

Based on management's assessment, no impairment loss was identified on the goodwill as at 31 March 2022 and 31 March 2021.

Sensitivity analysis has been performed around the base case assumptions with the conclusion that no reasonably possible changes in key assumptions would cause the recoverable amount to be less than the carrying amount.



**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. DEFERRED TAX ASSETS/(LIABILITIES)**

The movements in deferred tax assets/(liabilities) during the financial year are as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 April 2021/2020	(827,090)	(669,135)	9,000	10,000
<b>Charged/(Credited) to Profit or Loss (Note 30):-</b>				
- Property, plant and equipment	(463,228)	(82,993)	-	-
- Provision for staff related expenses	(29,000)	10,809	-	-
- Accrued liabilities	14,283	72,557	1,000	(1,000)
- Inventories written down	62,259	12,506	-	-
- Unabsorbed tax credits	900,000	-	-	-
- Unused tax losses	3,087	(29,513)	-	-
- Unabsorbed capital allowance	-	(184,000)	-	-
- Unrealised foreign currency exchange	(20,000)	44,879	-	-
	467,401	(155,755)	1,000	(1,000)
Currency translation differences	(9,122)	(2,200)	-	-
At 31 March	(368,811)	(827,090)	10,000	9,000

The deferred tax assets and liabilities as at the end of the reporting period are as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Deferred Tax Assets</b>				
Deferred tax assets (before offsetting):-				
- Unused tax losses	722,579	739,260	-	-
- Unabsorbed tax credits	1,834,000	933,829	-	-
- Unrealised foreign currency exchange	14,000	39,879	-	-
- Inventories written down	85,000	44,600	-	-
- Accrued liabilities	126,710	116,557	10,000	9,000
- Property, plant and equipment	125,291	(102,000)	-	-
- Provision for staff related expenses	92,000	129,475	-	-
	2,999,580	1,901,600	10,000	9,000
Offsetting	(2,566,000)	(1,495,040)	-	-
Deferred tax assets (after offsetting)	433,580	406,560	10,000	9,000



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



**10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

The deferred tax assets and liabilities as at the end of the reporting period are as follows (Cont'd):-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Deferred Tax Liabilities</b>				
Deferred tax liabilities (before offsetting):-				
- Property, plant and equipment	(3,390,650)	(2,682,427)	-	-
- Inventories written down	22,259	(5,694)	-	-
- Unused tax losses	-	(34,000)	-	-
- Unrealised foreign currency exchange	-	(6,569)	-	-
	(3,368,391)	(2,728,690)	-	-
Offsetting	2,566,000	1,495,040	-	-
Deferred tax liabilities (after offsetting)	(802,391)	(1,233,650)	-	-

The Group has, subject to confirmation by the Inland Revenue Board of Malaysia, the following unused tax losses carried forward (which have no expiry date) for which no deferred tax assets have been recognised in the statements of financial position as management are of the view that it is not probable that future taxable profits will be available against which the unused tax losses can be realised, as these tax benefits were attributable to loss making subsidiaries.

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Unused tax losses	2,886,864	2,999,027
Unabsorbed capital allowances	7,133	7,133
	<u>2,893,997</u>	<u>3,006,160</u>

For the Malaysia entities, the unused tax losses are allowed to be utilised for 10 (2021: 7) consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

The Group's unused tax losses for the Malaysia entities of RM 850,130 can be carried forward up to YA 2029 (2021: RM 850,130 can be carried forward up to YA 2016).

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**11. INVENTORIES**

	The Group	
	2022	2021
	RM	RM
Raw materials	4,778,205	3,672,183
Goods-in-transit	310,612	712,406
Work-in-progress	2,855,508	1,843,124
Finished goods	4,363,831	2,943,259
Consumable tools	1,429,082	1,224,706
	<u>13,737,238</u>	<u>10,395,678</u>
<b>Recognised in Profit or Loss</b>		
Inventories recognised as cost of sales	63,055,079	51,260,528
Inventories written down	405,348	197,367
Reversal of inventories previously written down	<u>(36,185)</u>	<u>(141,922)</u>

The carrying amount of inventories pledged as security for borrowings and bank overdraft granted to subsidiaries is RM 5,340,679 (2021: RM 4,042,521) (Note 21 and Note 26).

**12. TRADE RECEIVABLES**

	The Group	
	2022	2021
	RM	RM
Trade receivables	<u>13,843,880</u>	<u>10,975,355</u>

- (a) The normal trade credit terms granted by the Group ranged from 30 to 90 days (2021: 30 to 90 days) from the date of invoice.
- (b) The carrying amount of trade receivables pledged as security for borrowings and bank overdraft granted to certain subsidiaries is RM 3,956,164 (2021: RM 178,967) (Note 21 and Note 26).



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Advances to suppliers	2,266,839	94,156	-	-
Goods and services tax recoverable	6,276	6,276	-	-
Deposits	982,299	1,874,301	-	-
Prepayments	624,139	564,540	25,810	15,330
Sundry receivables	97,265	353,838	-	-
	<u>3,976,818</u>	<u>2,893,111</u>	<u>25,810</u>	<u>15,330</u>

In the previous financial year, the deposits of the Group was included the amount of RM 1,052,389 for the aggregate cost of renewal of 60 years lease term for the leasehold land known as K27, Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas.

**14. AMOUNT OWING BY/(TO) SUBSIDIARIES**

	The Company	
	2022	2021
	RM	RM
<b>Amount Owing By Subsidiaries</b>		
<b>Non-current</b>		
Non-trade balances	<u>2,882,903</u>	<u>3,851,860</u>
<b>Current</b>		
Trade balances	90,680	92,510
Non-trade balances	4,852,573	4,573,867
Less: Allowance for impairment losses	<u>(3,887,768)</u>	<u>(3,887,768)</u>
	<u>1,055,485</u>	<u>778,609</u>





**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)**

	<b>The Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Amount Owing (To) Subsidiaries</b>		
<b>Current</b>		
Non-trade balances	(654,040)	(1,236,441)

- (a) The trade balances owing by subsidiaries are unsecured, interest free and have credit term of 30 days (2021: 30 days) from the date of invoice.
- (b) In previous financial year, loan granted to Edaran Precision India Private Limited of RM83,410 was unsecured, subject to a floating interest rate equal to the aggregate of 6 months LIBOR + 3.5% (2021: LIBOR + 3.5%) per annum and repayable by 20 quarterly instalments, effective from May 2015.
- (c) Loan granted to Edaran Precision India Private Limited of RM 607,688 (2021: RM 1,354,549) is unsecured, subject to an interest rate equal to 4.5% per annum (2021: a floating interest rate equal to the aggregate of 6 months LIBOR + 4.5% per annum) and repayable by 25 (2021: 30) quarterly instalments, effective from February 2022 (2021: July 2020).
- (d) Loan granted to Oriental Fastech Manufacturing Sdn. Bhd. of RM 2,668,700 (2021: RM 2,900,000) is unsecured, subject to an interest rate equal to 2.5% per annum and repayable by 120 monthly instalments, effective from 1 April 2021.
- (e) The amount of RM 571,320 (2021: RM 200,000) which included in non-trade balances of amount owing by subsidiaries are unsecured, interest free and have no fixed term of repayment.
- (f) The non-trade balances of amounts owing to subsidiaries are unsecured, interest free and repayable on demand.
- (g) On 31 October 2021, the Company further subscribed 138,528 new shares in a wholly-owned subsidiary, Edaran Precision India Private Limited at a price of INR 100 each by way of conversion of its loan, which amounting to USD 185,272 as equivalent to approximate RM 779,810.



**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. AMOUNT OWING BY/(TO) RELATED PARTIES**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Amount Owing By Related Parties</b>		
<b>Current</b>		
Trade balance	51,324	46,219
<b>Amount Owing (To) Related Parties</b>		
<b>Current</b>		
Trade balances	-	(18,885)
Non-trade balances	-	(132,000)
	-	(150,885)

(a) The trade balances are unsecured, interest free and have credit term of 30 days (2021: 30 days) from the date of invoice.

(b) The non-trade balances are unsecured, interest free and repayment on demand.

**16. SHORT-TERM INVESTMENT**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Money market fund, at fair value	2,279,000	2,933,669

The money market fund represent investment in highly liquid money market instruments and deposits with financial institution in Malaysia which are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

**17. FIXED DEPOSITS WITH LICENSED BANKS**

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bear effective interest rates ranging from 1.6% to 5.2% (2021: 4.2%) per annum and have maturity periods of 30 to 365 days (2021: 365 days).

(b) The amount of RM 622,531 (2021: RM 189,225), which included in fixed deposits with licensed banks of the Group, are pledged as securities for credit facilities granted to subsidiaries (Note 21).



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**18. SHARE CAPITAL**

	The Group and The Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
<b>Issued and Fully Paid-up</b>				
Ordinary shares				
At 1 April 2021/2020	245,095,185	35,692,306	241,994,985	35,116,236
New shares issued under the employee share option scheme (Note 20(b))	6,518,200	1,211,194	3,100,200	576,070
At 31 March	251,613,385	36,903,500	245,095,185	35,692,306

The owners of the Company of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**19. TREASURY SHARES**

During the previous financial year, the Company had resold 2,428,800 of its issued ordinary shares to the open market at an average price of RM 0.22, RM 0.26 and RM 0.34 per share in month of August 2020, January 2021 and February 2021 respectively. The total consideration received from the resale was RM 688,612 including transaction costs.

**20. RESERVES**

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Non-distributable</b>				
Foreign exchange translation reserve	705,532	650,468	-	-
Employee share option reserve	624,606	532,675	624,606	532,675
<b>Distributable</b>				
Retained profits	31,238,398	25,070,058	13,404,304	12,763,542
	32,568,536	26,253,201	14,028,910	13,296,217

(a) Foreign exchange translation reserve

Exchange translation reserve comprises foreign currency differences arising on retranslation of the net investments in foreign operations.

(b) Employee share option reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.



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## 20. RESERVES (CONT'D)

### (b) Employee share option reserve (Cont'd)

The Employee Share Option Scheme ("ESOS") of the Company is govern by the ESOS By-Laws and was approved by shareholders on 25 February 2016. The ESOS is to be in force for a period of 5 years effective from 1 March 2016.

On 13 August 2020, the Board of Directors of the Company approved the extension of the duration of the ESOS for an extended period of 5 years from 1 March 2021 to 28 February 2026.

The option prices and the details in the movement of the options granted are as follows:-

Date of offer	Exercise Price RM	Remaining Contractual Life of Options	Number of Options over Ordinary Shares				At 31 March 2022
			At 1 April 2021	Granted	Exercised	Forfeited	
5 August 2020	0.125	4 years	23,665,800	-	(6,518,200)	(2,636,000)	14,511,600

Date of offer	Exercise Price RM	Remaining Contractual Life of Options	Number of Options over Ordinary Shares				At 31 March 2021
			At 1 April 2020	Granted	Exercised	Forfeited	
5 August 2020	0.125	5 years	-	26,766,000	(3,100,200)	-	23,665,800

No person to whom the shares option has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

In the previous financial year, the Company has granted 26,766,000 share options under the ESOS. These options expire on 28 February 2026. The fair value of the share options measured at offer date (5 August 2020) which is RM 0.06.

The fair value of the share options granted were estimated using a black scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

	The Group and the Company	
	2022	2021
Fair value of share options at the grant date based on vesting date (RM)		
- 5 August 2020	0.06	0.06
Weighted average ordinary share price (RM)	0.14	0.14
Exercise price of share option (RM)	0.13	0.13
Expected volatility (%)	57.73	57.73
Expected life (years)	5	5
Risk free rate (%)	1.74	1.74



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**20. RESERVES (CONT'D)**

(c) Retained profits

Retained profits include past earnings of consolidated companies where these were not distributed, and the consolidated annual net profit, net of the share attributable to non-controlling interests.

Dividends paid out of retained profits of the Group and of the Company are single-tier dividends which are tax exempt in the hands of shareholders.

**21. BORROWINGS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
Secured - Term loans	36,329,708	21,676,109
<b>Current</b>		
Secured - Term loans	5,394,734	2,181,875
- Bankers' acceptances	2,183,000	2,064,000
	7,577,734	4,245,875
	<b>43,907,442</b>	<b>25,921,984</b>
<b>Total Borrowings</b>		
Secured - Term loans	41,724,442	23,857,984
- Bankers' acceptances	2,183,000	2,064,000
	<b>43,907,442</b>	<b>25,921,984</b>

Borrowings

(a) The borrowings are secured by the following:-

- (i) Legal charges over certain subsidiaries' property, plant and equipment, investment properties and right-of-use assets as disclosed in Notes 6, 7 and 8 respectively;
- (ii) Inventories of certain subsidiaries as disclosed in Note 11;
- (iii) Trade receivables of certain subsidiaries as disclosed in Note 12;
- (iv) Fixed deposits with licensed banks of certain subsidiaries of the Company as disclosed in Note 17;
- (v) Corporate guarantee provided by the Company; and
- (vi) Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) guarantee.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



**21. BORROWINGS (CONT'D)**

Borrowings (Cont'd)

(b) The interest rate (per annum) profile of the borrowings are summarised below:-

	The Group	
	2022	2021
	%	%
Term loans	3.4 - 6.8	3.3 - 9.1
Bankers' acceptances	2.2 - 2.6	2.5 - 2.6

**22. LEASE LIABILITIES**

	The Group	
	2022	2021
	RM	RM
At 1 April 2021/2020	4,061,487	2,007,946
Additions of new lease	372,685	1,046,959
Changes due to lease modification	20,637	1,694,259
Changes due to lease reassessment	-	(11,700)
Refinance	-	448,000
Interest expense recognised in profit or loss (Note 29)	266,043	161,656
Repayment of principal	(1,088,564)	(1,110,115)
Repayment of interest expense	(266,043)	(161,656)
Currency translation differences	25,382	(13,862)
At 31 March	3,391,627	4,061,487
Analysed by:-		
Non-current liabilities	2,312,732	2,948,929
Current liabilities	1,078,895	1,112,558
	3,391,627	4,061,487

Certain lease liabilities of the Group are secured by the Group's plant and machinery and motor vehicles under the hire purchase arrangements as disclosed in Note 8(a)(iii) and 8(a)(iv) to the financial statements, with lease terms ranging from 4 to 5 years (2021: 1 to 5 years) and bear effective interest rates ranging from 3.9% to 5.7% (2021: 4.7% to 5.7%) per annum.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**23. DEFERRED INCOME ON GOVERNMENT GRANTS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
At 1 April 2021/2020	1,046,354	618,062
Government grant received during the financial year	487,500	500,000
Amortisation during the financial year	(128,376)	(71,708)
At 31 March	<b>1,405,478</b>	<b>1,046,354</b>

- (a) Oriental Fastech Manufacturing Sdn. Bhd., wholly owned subsidiary of the Company, received a government grant of RM 400,000 and RM 487,500 in the financial year ended 31 March 2013 and 31 March 2022 respectively for qualifying research and development projects.
- (b) Edaran Precision Industries Sdn. Bhd., wholly owned subsidiary of the Company, received a government grant of RM 476,750 and RM 500,000 in the financial year ended 31 March 2019 and 31 March 2021 respectively for modernisation and upgrading of property, plant and equipment for the production of micro moulds and development of production capability.
- (c) The grants are being amortised over the useful life of the related property, plant and equipment. The amortisations during the financial year are included in 'other operating income' in profit or loss.

**24. TRADE PAYABLES**

The normal trade credit terms granted to the Group are ranged from 30 to 90 days (2021: 30 to 90 days) from the date of invoice.

**25. OTHER PAYABLES AND ACCRUALS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Accruals	2,905,583	3,331,188	77,000	68,944
Deposits from customers	135,724	468,343	-	-
Sales tax payables	1,411	57,200	-	-
Sundry payables	1,648,841	1,004,371	9,076	22,943
	<b>4,691,559</b>	<b>4,861,102</b>	<b>86,076</b>	<b>91,887</b>

- (a) The sundry payables are unsecured, interest free and have credit terms ranging from 30 to 90 days (2021: 30 to 90 days) from the date of invoice.
- (b) Included in sundry payables and accruals of the Group are amount of RM 574,243 and RM 1,020 (2021: RM 288,300 and RM NIL) respectively payable for the purchase of property, plant and equipment (Note 32(a)).





## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 26. BANK OVERDRAFTS

The bank overdrafts of the Group at the end of the reporting period bear interest rates ranging from 6.0% to 9.2% (2021: 5.5% to 6.0%) per annum. Securities of the bank overdrafts are disclosed in Note 21 to the financial statements.

#### 27. REVENUE

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Revenue recognised at a point in time</b>				
Precision machining and stamping	50,296,392	36,191,720	-	-
Plastic components	15,547,497	13,897,831	-	-
High precision moulds, tools and dies	9,037,024	9,342,758	-	-
Others	4,628,411	3,697,285	-	-
Dividend income	-	-	400,000	1,000,000
Management fee income	-	-	722,500	722,510
	<b>79,509,324</b>	<b>63,129,594</b>	<b>1,122,500</b>	<b>1,722,510</b>

The information on the disaggregation of revenue is disclosed in Note 35 to the financial statements.

#### 28. EMPLOYEE BENEFITS COSTS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Wages, salaries and bonuses	13,225,207	15,556,426	16,750	16,000
Defined contribution benefits	1,244,563	1,127,357	-	-
Other employee benefits	1,283,791	1,703,400	112,640	121,747
Directors' fees	189,651	261,219	167,651	173,219
	<b>15,943,212</b>	<b>18,648,402</b>	<b>297,041</b>	<b>310,966</b>

Included in employee benefits costs of the Group and of the Company are key management personnel compensation as disclosed in Note 33 to the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**29. PROFIT BEFORE TAX**

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Profit Before Tax is Arrived at After Charging:-</b>				
Auditors' remuneration				
- audit fees	171,585	200,298	32,000	30,000
- other services	26,232	2,500	2,500	2,500
Depreciation of property, plant and equipment	3,673,913	3,698,729	1,431	1,431
Depreciation of investment properties	14,780	14,780	-	-
Depreciation of right-of-use assets	1,485,843	1,323,676	-	-
Finance costs:-				
- bankers' acceptances	57,404	61,641	-	-
- bank overdrafts	74,962	44,250	-	-
- term loans	1,017,656	217,192	-	-
- lease liabilities	266,043	161,656	-	-
- others	638	-	-	-
Inventories written down	405,348	197,367	-	-
Loss on foreign exchange:-				
- realised	-	141,831	-	6,546
- unrealised	66,039	480,122	-	41,783
Property, plant and equipment written off	57,025	8	-	-
Short-term lease expenses	117,132	113,808	-	-
Share option to employees	488,350	31,796	21,529	31,796
<b>And Crediting:-</b>				
Dividend income	(42,670)	(25,364)	(400,000)	(1,000,000)
Gain on disposal of property, plant and equipment	(45,394)	(12,817)	-	-
Gain on foreign exchange:-				
- realised	(319,502)	-	(17,173)	-
- unrealised	-	-	(4,626)	-
Amortisation of deferred income on government grants	(128,376)	(71,708)	-	-
Interest income	(28,834)	(84,922)	(119,028)	(61,822)
Reversal of inventories previously written down	(36,185)	(141,922)	-	-



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



**30. INCOME TAX EXPENSE**

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current tax:-				
- Malaysian tax	1,034,830	717,329	116,000	93,252
- foreign tax	330,681	105,914	-	-
	1,365,511	823,243	116,000	93,252
- overprovision in previous financial year	(18,284)	(189,292)	(725)	(3,162)
	1,347,227	633,951	115,275	90,090
Deferred tax (Note 10):-				
- origination and reversal of temporary differences	(505,401)	159,755	(1,000)	1,000
- under/(over)provision in previous financial year	38,000	(4,000)	-	-
	(467,401)	155,755	(1,000)	1,000
Withholding Tax	43,288	-	251	-
	923,114	789,706	114,526	91,090



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**30. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before tax	7,115,200	3,129,050	755,288	1,125,659
Tax at statutory income tax rate of 24% (2021: 24%)	1,707,648	750,972	181,000	271,000
Tax effect of:-				
Different tax rate in other countries	(69,381)	(19,764)	-	-
Income not subject to tax:-				
- dividend income	(11,000)	-	(96,000)	(240,000)
- amortisation of deferred income on government grants	(31,000)	(17,210)	-	-
- others	(726)	(23,247)	-	-
Expenses not deductible for tax purposes	596,530	769,239	30,000	63,252
Current year tax losses not recognised as deferred tax assets	13,711	2,025	-	-
Overprovision of current tax in previous financial year	(18,284)	(189,292)	(725)	(3,162)
Under/(Over)provision of deferred tax in previous financial year	38,000	(4,000)	-	-
Tax incentives utilised	(146,000)	-	-	-
Withholding tax	43,288	-	251	-
Utilisation of deferred tax assets previously not recognised	(1,143,000)	(429,813)	-	-
Utilisation of unabsorbed losses	(56,672)	(49,204)	-	-
Income tax expense for the financial year	923,114	789,706	114,526	91,090



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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



**31. EARNINGS PER SHARE**

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Profit after tax for the financial year attributable to owners of the Company	6,168,340	2,196,891
Weighted average number of ordinary shares in issue	247,888,740	242,198,834
Basic earnings per ordinary share (sen)	2.49	0.91

(b) Diluted earnings per share

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Profit after tax for the financial year attributable to owners of the Company	6,168,340	2,196,891
Weighted average number of ordinary shares in issue	247,888,740	242,198,834
Shares deemed to be issued for no consideration:-		
Employees' share options in issues	13,676,607	5,779,441
	261,565,347	247,978,275
Diluted earnings per ordinary share (sen)	2.36	0.89



**NOTES TO THE FINANCIAL STATEMENTS**  
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**32. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

**Property, plant and equipment**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Cost of property, plant and equipment purchased	21,409,435	14,250,315
Unpaid balance included in sundry payables (Note 25)	(574,243)	(288,300)
Unpaid balance included in accruals (Note 25)	(1,020)	-
Cash paid in respect of acquisition in previous financial year	256,500	507,665
Cash disbursed for purchase of property, plant and equipment	<u>21,090,672</u>	<u>14,469,680</u>

**Right-of-use assets**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Cost of right-of-use assets acquired (Note 8)	420,075	13,534,422
Carrying amount of right-of-use assets reclassified from property, plant and equipment	-	1,417,702
Additions of new lease (Note 22)	(372,685)	(1,046,959)
Modification of lease contract	1,052,389	-
Deposit made in previous year (Note 13)	(1,052,389)	(2,402,987)
Cash paid in respect of acquisition in previous financial year	-	1,138,239
Carrying amount of property, plant and equipment in previous financial year	-	(1,429,255)
Cash disbursed for addition of right-of-use assets	<u>47,390</u>	<u>11,211,162</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Bankers' Acceptances RM	Lease Liabilities RM	Total RM
<b>2022</b>				
At 1 April 2021	23,857,984	2,064,000	4,061,487	29,983,471
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	24,369,252	8,492,000	-	32,861,252
Repayment of short-term borrowings	-	(8,373,000)	-	(8,373,000)
Repayment of borrowing principal	(6,544,840)	-	(1,088,564)	(7,633,404)
Repayment of borrowing interests	(1,059,017)	(57,404)	(266,043)	(1,382,464)
	16,765,395	61,596	(1,354,607)	15,472,384
<u>Non-cash Changes</u>				
Additions of new leases	-	-	372,685	372,685
Changes due to lease reassessment and modification	-	-	20,637	20,637
Finance charges recognised in profit or loss	1,017,656	57,404	266,043	1,341,103
Foreign exchange adjustments	42,046	-	25,382	67,428
Interest expense capitalised under capital work in progress	41,361	-	-	41,361
	1,101,063	57,404	684,747	1,843,214
At 31 March 2022	41,724,442	2,183,000	3,391,627	47,299,069





**NOTES TO THE FINANCIAL STATEMENTS**  
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**32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Term Loans RM	Bankers' Acceptances RM	Lease Liabilities RM	Total RM
<b>2021</b>				
At 1 April 2020	4,533,854	1,860,000	2,007,946	8,401,800
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	24,926,040	6,103,464	-	31,029,504
Repayment of borrowing principal	(5,556,647)	(5,899,464)	(1,110,115)	(12,566,226)
Repayment of borrowing interests	(217,192)	(61,641)	(161,656)	(440,489)
	19,152,201	142,359	(1,271,771)	18,022,789
<u>Non-cash Changes</u>				
Additions of new leases	-	-	1,046,959	1,046,959
Changes due to lease reassessment and modification	-	-	1,682,559	1,682,559
Refinance	-	-	448,000	448,000
Finance charges recognised in profit or loss	217,192	61,641	161,656	440,489
Foreign exchange adjustments	(45,263)	-	(13,862)	(59,125)
	171,929	61,641	3,325,312	3,558,882
At 31 March 2021	23,857,984	2,064,000	4,061,487	29,983,471





**32. CASH FLOW INFORMATION (CONT'D)**

(c) The total cash outflows for leases as a lessee are as follows:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Payment of short-term leases	(117,132)	(113,808)
Interest paid on lease liabilities	(266,043)	(161,656)
Payment of lease liabilities	(1,088,564)	(1,110,115)
	<b>(1,471,739)</b>	<b>(1,385,579)</b>

(d) The cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed deposits with licensed banks	2,129,071	189,225	-	-
Cash and bank balances	8,195,424	7,823,476	548,287	1,295,974
Short-term investment	2,279,000	2,933,669	-	-
Bank overdrafts	(610,658)	(522,294)	-	-
	<b>11,992,837</b>	<b>10,424,076</b>	<b>548,287</b>	<b>1,295,974</b>
Less: Fixed deposits pledged to licensed banks	(622,531)	(189,225)	-	-
	<b>11,370,306</b>	<b>10,234,851</b>	<b>548,287</b>	<b>1,295,974</b>

Bank balances of the Group and of the Company amounted to RM 1,905,869 (2021: RM 3,164,137) and RM 544,524 (2021: RM 1,280,023) respectively, earn interest at an effective interest rate ranging from 0.3% to 0.5% (2021: 0.3% to 1.3%) per annum and 0.3% to 0.5% (2021: 0.3% to 1.3%) per annum, respectively as at the reporting date.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**33. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group and of the Company include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
(a) <b>Directors</b>				
<b><u>Directors of the Company</u></b>				
<b>Executive Directors:-</b>				
Fees	-	44,000	-	-
Salaries, allowances and bonuses	1,768,549	1,761,829	5,000	5,000
Defined contribution benefits	181,498	180,958	-	-
Other employee benefits	181,996	128,455	84,800	84,800
	2,132,043	2,115,242	89,800	89,800
<b>Non-executive Directors:-</b>				
Fees	167,651	173,219	167,651	173,219
Other emoluments	33,279	11,000	11,750	11,000
	200,930	184,219	179,401	184,219
<b><u>Directors of the Subsidiaries</u></b>				
<b>Executive Directors:-</b>				
Fees	44,620	44,000	-	-
Salaries, allowances and bonuses	455,540	335,971	-	-
Defined contribution benefits	57,786	39,964	-	-
Other employee benefits	38,029	42,949	-	-
	595,975	462,884	-	-
<b>Total directors remuneration</b>	<b>2,928,948</b>	<b>2,762,345</b>	<b>269,201</b>	<b>274,019</b>
(b) <b>Other key management personnel</b>				
Salaries, allowances and bonuses	113,446	261,865	-	-
Defined contribution benefits	13,644	28,944	-	-
Other employee benefits	616	45,508	-	-
<b>Total compensation for key management personnel</b>	<b>127,706</b>	<b>336,317</b>	<b>-</b>	<b>-</b>





### 34. RELATED PARTY DISCLOSURES

#### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

#### (b) Significant Related Party Transaction and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Subsidiaries</b>				
Dividend income	-	-	(400,000)	(1,000,000)
Management fee income	-	-	(722,500)	(722,510)
Interest income	-	-	(116,231)	(59,766)
Loan granted	-	-	-	1,600,000
<b>Other related parties</b>				
Sales of goods	(311,904)	(244,929)	-	-
Purchase of goods	39,040	346,403	-	-
Other purchase	-	1,560	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

#### (c) Compensation of Key Management Personnel

Key management personnel includes the Group's and the Company's directors and 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. Details of the compensation for these key management personnel are disclosed in Note 33 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 35. OPERATING SEGMENTS

The Group's Executive Board (chief operating decision maker) monitors the operating results of each reportable segment for the purpose of resource allocation and performance assessment. Segment performance is measured based on segment profit or loss before tax, interest, depreciation and amortisation.

The Group is organised and managed into the 2 main reportable segments as follows:-

- |  |   |
|--|---|
| (a) Precision engineering and plastic injection moulding | Involved in the design and manufacture of high precision moulds, tools and dies, jigs and fixtures, plastic injection moulding and sub-assembly.  |
| (b) Precision machining and stamping                     | Involved in manufacture and sale of precision machining and stamping components for the telecommunication, industrial sensors, switches, electronic equipment and other industries and the provision of related specialised engineering services. |

The other segment is involved in the manufacture and assembly of electronic components and manufacture of paper honeycomb products.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

#### Segment assets

The amounts provided to the Group's Executive Board with respect to total assets are based on all assets allocated to each reportable segment other than deferred tax assets and current tax assets.

#### Segment liabilities

The amounts provided to the Group's Executive Board with respect to total liabilities are based on all liabilities allocated to each reportable segment other than deferred tax liabilities and current tax liabilities.

#### Capital expenditure

Capital expenditure comprises mainly additions to property, plant and equipment directly attributable to the segment.



**NOTES TO THE FINANCIAL STATEMENTS**  
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**35. OPERATING SEGMENTS (CONT'D)**

**35.1 Segment Information**

<b>2022</b>	<b>Precision Engineering and Precision Plastic Injection Moulding RM</b>	<b>Precision Machining and Stamping RM</b>	<b>Others RM</b>	<b>Total RM</b>
<b>Revenue</b>				
- total segment	27,083,753	50,472,696	4,629,476	82,185,925
- inter-segment	(2,499,232)	(176,304)	(1,065)	(2,676,601)
Revenue from external customers	24,584,521	50,296,392	4,628,411	79,509,324
Segment profits	6,247,352	7,125,655	693,503	14,066,510
Segment assets	36,286,632	84,492,242	17,257,233	138,036,107
Segment liabilities	9,232,431	54,046,952	11,655,923	74,935,306
Other information:				
- capital expenditure	1,439,607	11,717,065	8,252,763	21,409,435
- depreciation and amortisation	2,010,367	2,790,988	373,181	5,174,536
- non-cash expenses (other than depreciation and amortisation)	223	-	56,802	57,025
<b>2021</b>				
<b>Revenue</b>				
- total segment	25,868,166	36,259,007	3,697,809	65,824,982
- inter-segment	(2,627,577)	(67,287)	(524)	(2,695,388)
Revenue from external customers	23,240,589	36,191,720	3,697,285	63,129,594
Segment profits	4,297,574	3,358,414	947,835	8,603,823
Segment assets	34,920,024	68,892,113	4,034,398	107,846,535
Segment liabilities	10,822,244	40,514,967	1,286,904	52,624,115
Other information:				
- capital expenditure	624,676	13,506,553	119,086	14,250,315
- depreciation and amortisation	2,273,722	2,288,036	475,427	5,037,185
- non-cash expenses (other than depreciation and amortisation)	8	-	-	8



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**35. OPERATING SEGMENTS (CONT'D)**

**35.1 Segment Information (Cont'd)**

The reportable segments have changed from the previous reporting period due to changes in the internal management reporting structure of the chief operating decision maker as in opinion that this will be more feasible for allocation of resources and assessment of the performance of the reporting segments.

Reconciliations of reportable segment profit, assets and liabilities are set out below:-

	2022 RM	2021 RM
<b>Profit or Loss</b>		
Total profit for reportable segments	14,066,510	8,603,823
Finance costs	(1,416,703)	(484,739)
Interest income	71,504	84,922
Dividend income	42,670	25,364
Depreciation and amortisation	(5,174,536)	(5,037,185)
Unallocated corporate expenses	(484,809)	(657,242)
Elimination of inter-segment profit	10,564	594,107
	<u>7,115,200</u>	<u>3,129,050</u>
	<b>Segment assets RM</b>	<b>Segment liabilities RM</b>
<b>At 31 March 2022</b>		
Total reportable segments	138,036,107	74,935,306
Other non-reportable segment	584,234	86,076
Elimination of inter-segment transactions or balances	(6,233,958)	(14,529,108)
Current tax assets	291,542	-
Deferred tax assets	433,580	-
Deferred tax liabilities	-	802,391
	<u>133,111,505</u>	<u>61,294,665</u>
<b>At 31 March 2021</b>		
Total reportable segments	107,846,535	52,624,115
Other non-reportable segment	1,322,872	91,887
Elimination of inter-segment transactions or balances	(3,430,082)	(10,258,937)
Current tax assets	591,495	-
Deferred tax assets	406,560	-
Deferred tax liabilities	-	1,233,650
	<u>106,737,380</u>	<u>43,690,715</u>







### 35. OPERATING SEGMENTS (CONT'D)

#### 35.2 Geographical Information

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located which include property, plant and equipment, investment properties and right-of-use assets.

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
	RM	RM	RM	RM
Europe	2,673,607	-	3,173,080	-
Malaysia	33,311,092	74,374,709	27,302,365	56,676,538
Vietnam	30,784,999	2,628,651	20,161,231	2,536,763
United States of America	6,087,448	120,183	7,446,286	126,840
Other countries	6,652,178	394,454	5,046,632	486,820
	<b>79,509,324</b>	<b>77,517,997</b>	<b>63,129,594</b>	<b>59,826,961</b>

### 36. CAPITAL COMMITMENTS

	The Group	
	2022	2021
	RM	RM
Extension and improvement of factory building	10,672,592	98,695
Purchase of property, plant and equipment	<b>3,237,676</b>	<b>92,500</b>

### 37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Corporate management continuously monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Group are responsible for setting the objectives, the underlying principles of financial risk management for the Group and establishing the policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 37. FINANCIAL INSTRUMENTS (CONT'D)

The following sections provide details on the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

##### 37.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

###### (a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the fair value or future cash flows of financial instruments of the Group. The Group are not subject to significant exposure to other price risk.

###### (i) Foreign Currency Risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Vietnamese Dong ("VND") and India Rupee ("IND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-



**NOTES TO THE FINANCIAL STATEMENTS**  
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**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure*

	The Group	United States Dollar RM	Singapore Dollar RM	Vietnamese Dong RM	Indian Rupee RM	Others RM	Ringgit Malaysia RM	Total RM
<b>2022</b>								
<b>Financial Assets</b>								
Trade receivables	5,186,632	156,045	3,585,585	238,769	-	-	4,676,849	13,843,880
Sundry receivables	-	-	24,971	-	-	-	72,294	97,265
Fixed deposits with licensed banks	-	-	193,430	-	-	-	1,935,641	2,129,071
Cash and bank balances	4,359,503	8,160	787,422	97,890	2,496	-	2,939,953	8,195,424
	9,546,135	164,205	4,591,408	336,659	2,496	-	9,624,737	24,265,640
<b>Financial Liabilities</b>								
Trade payables	(767,246)	-	(3,220,926)	(22,703)	-	-	(2,474,635)	(6,485,510)
Sundry payables and accruals	(215)	(153,180)	(614,236)	(238,623)	-	-	(3,548,170)	(4,554,424)
Borrowings and bank overdrafts	-	-	(2,668,000)	(41,719)	-	-	(41,808,381)	(44,518,100)
Lease liabilities	-	-	(1,228,541)	(447,039)	-	-	(1,716,047)	(3,391,627)
	(767,461)	(153,180)	(7,731,703)	(750,084)	-	-	(49,547,233)	(58,949,661)
<b>Net Financial Assets/ (Liabilities)</b>	8,778,674	11,025	(3,140,295)	(413,425)	2,496	-	(39,922,496)	(34,684,021)
Less: Net financial (assets)/liabilities denominated in respective entities' functional currency	(120,555)	-	3,140,295	413,425	-	-	39,922,496	43,355,661
<b>Currency Exposure</b>	8,658,119	11,025	-	-	-	2,496	-	8,671,640



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

	United States Dollar	Singapore Dollar	Vietnamese Dong	Indian Rupee	Others	Ringgit Malaysia	Total
The Group	RM	RM	RM	RM	RM	RM	RM
<b>2021</b>							
<b>Financial Assets</b>							
Trade receivables	3,817,579	559,193	3,209,514	178,967	-	3,210,102	10,975,355
Sundry receivables	-	-	232,049	-	-	121,789	353,838
Fixed deposits with licensed banks	-	-	189,225	-	-	-	189,225
Cash and bank balances	2,844,021	11,000	1,008,312	99,912	2,496	3,857,735	7,823,476
	6,661,600	570,193	4,639,100	278,879	2,496	7,189,626	19,341,894
<b>Financial Liabilities</b>							
Trade payables	(1,423,091)	(475)	(2,983,163)	(17,360)	-	(1,468,870)	(5,892,959)
Sundry payables and accruals	(150,393)	-	(370,747)	(213,752)	-	(3,600,667)	(4,335,559)
Borrowings and bank overdrafts	-	-	(1,485,000)	(42,335)	-	(24,916,943)	(26,444,278)
Lease liabilities	-	-	(1,694,258)	(449,019)	-	(1,918,210)	(4,061,487)
	(1,573,484)	(475)	(6,533,168)	(722,466)	-	(31,904,690)	(40,734,283)
<b>Net Financial Assets/ (Liabilities)</b>	5,088,116	569,718	(1,894,068)	(443,587)	2,496	(24,715,064)	(21,392,389)
Less: Net financial (assets)/liabilities denominated in respective entities' functional currency	(24,236)	-	1,894,068	443,587	-	24,715,064	27,028,483
<b>Currency Exposure</b>	5,063,880	569,718	-	-	2,496	-	5,636,094

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

<b>The Company</b>	<b>United States Dollar RM</b>	<b>Ringgit Malaysia RM</b>	<b>Total RM</b>
<b>2022</b>			
<b>Financial Assets</b>			
Amount owing by subsidiaries	708,688	3,229,700	3,938,388
Cash and bank balances	750	547,537	548,287
	709,438	3,777,237	4,486,675
<b>Financial Liabilities</b>			
Amount owing to subsidiaries	(336,640)	(317,400)	(654,040)
	(336,640)	(317,400)	(654,040)
<b>Net Financial Assets</b>	372,798	3,459,837	3,832,635
Less: Net financial assets denominated in respective entities' functional currency	-	(3,459,837)	(3,459,837)
<b>Currency Exposure</b>	372,798	-	372,798
<b>2021</b>			
<b>Financial Assets</b>			
Amount owing by subsidiaries	1,530,469	3,100,000	4,630,469
Cash and bank balances	12,244	1,283,730	1,295,974
	1,542,713	4,383,730	5,926,443
<b>Financial Liabilities</b>			
Amount owing to subsidiaries	(418,525)	(817,916)	(1,236,441)
	(418,525)	(817,916)	(1,236,441)
<b>Net Financial Assets</b>	1,124,188	3,565,814	4,690,002
Less: Net financial assets denominated in respective entities' functional currency	-	(3,565,814)	(3,565,814)
<b>Currency Exposure</b>	1,124,188	-	1,124,188



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Effects on Profit After Tax</b>				
<b>USD</b>				
- strengthened by 5%	329,009	192,427	14,166	42,719
- weakened by 5%	(329,009)	(192,427)	(14,166)	(42,719)
<b>SGD</b>				
- strengthened by 5%	419	21,649	-	-
- weakened by 5%	(419)	(21,649)	-	-

There is no impact on the Group's and the Company's equity.

**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined under MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 21 and 26 to the financial statements.

*Interest Rate Risk Sensitivity Analysis*

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after tax and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

**(iii) Equity Price Risk**

The Group does not have any quoted investments and hence, is not exposed to equity price risk.





## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations.

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. The Company also provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

#### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2021: 1) trade receivables, the balances of each is equal to or more than 10% of total balances constituting approximately 40% (2021: 26%) of the Group's trade receivables (including related parties) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	2022		2021	
	RM	%	RM	%
<b>By Country:</b>				
Malaysia	6,181,916	44.5	4,894,505	44.4
Singapore	16,864	0.1	-	-
United States of America	1,315,967	9.5	932,971	8.5
Vietnam	3,588,043	25.8	3,209,858	29.1
Other countries	2,792,414	20.1	1,984,240	18.0
	<b>13,895,204</b>	<b>100.0</b>	<b>11,021,574</b>	<b>100.0</b>

#### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.





## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 37. FINANCIAL INSTRUMENTS (CONT'D)

##### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:-

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considered a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due. However, the Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

###### Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables (including related parties).

###### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 2 years (2021: 2 years) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the Gross Domestic Product ("GDP"), unemployment rate and core inflation rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumption as compared to the previous financial year.





### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Trade Receivables (Cont'd)

##### *Allowance for Impairment Losses*

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
<b>The Group</b>			
<b>2022</b>			
Not past due	9,567,079	-	9,567,079
1 to 30 days past due	2,670,960	-	2,670,960
31 to 60 days past due	868,681	-	868,681
61 to 90 days past due	582,767	-	582,767
More than 90 days past due	205,717	-	205,717
	<b>13,895,204</b>	<b>-</b>	<b>13,895,204</b>
<b>2021</b>			
Not past due	5,307,897	-	5,307,897
1 to 30 days past due	4,786,573	-	4,786,573
31 to 60 days past due	590,212	-	590,212
61 to 90 days past due	207,528	-	207,528
More than 90 days past due	129,364	-	129,364
	<b>11,021,574</b>	<b>-</b>	<b>11,021,574</b>

The Group believes that no impairment allowance is necessary in respect of its trade receivables (include related parties) because the probability of default by these trade receivables were negligible.

##### Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables, subsidiaries and related parties.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 37. FINANCIAL INSTRUMENTS (CONT'D)

##### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### *Allowance for Impairment Losses*

No expected credit loss is recognised on other receivables as it is negligible.

###### Amount Owing by Subsidiaries (Trade and Non-Trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. The Company considers amount owing by subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

For amount owing that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the amount owing are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For amount owing that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

###### *Allowance for Impairment Losses*

At the end of the reporting period, there was no indication that the amount owing is not recoverable other than those which had already impaired in the previous financial years.

###### Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

###### Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowance were identified based on 12-month expected credit losses.

###### (c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.



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**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Annual Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1-5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
<b>2022</b>						
<b>Non-derivative Financial Liabilities</b>						
Trade payables	-	6,485,510	6,485,510	6,485,510	-	-
Sundry payables and accruals	-	4,554,424	4,554,424	4,554,424	-	-
Bank overdrafts	6.0 - 9.2	610,658	610,658	610,658	-	-
Borrowings:-						
- Term loans	3.4 - 6.8	41,724,442	55,420,642	6,924,029	18,339,978	30,156,635
- Bankers' acceptances	2.2 - 2.6	2,183,000	2,183,000	2,183,000	-	-
Lease liabilities	3.3 - 15.8	3,391,627	3,909,944	1,315,742	2,550,776	43,426
		58,949,661	73,164,178	22,073,363	20,890,754	30,200,061



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis (Cont'd)

The Group	Contractual Annual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1-5 Years RM	Over 5 Years RM
<b>2021</b>						
<b>Non-derivative Financial Liabilities</b>						
Trade payables	-	5,892,959	5,892,959	5,892,959	-	-
Sundry payables and accruals	-	4,335,559	4,335,559	4,335,559	-	-
Amount owing to related parties	-	150,885	150,885	150,885	-	-
Bank overdrafts	5.5 - 5.6	522,294	522,294	522,294	-	-
Borrowings:-						
- Term loans	3.3 - 9.1	23,857,984	35,157,226	2,659,038	6,530,695	25,967,493
- Bankers' acceptances	2.5 - 2.6	2,064,000	2,064,000	2,064,000	-	-
Lease liabilities	3.3 - 15.8	4,061,487	4,464,321	1,300,566	2,068,290	1,095,465
		40,885,168	52,587,244	16,925,301	8,598,985	27,062,958

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

<b>The Company</b>	<b>Contractual Annual Interest Rate %</b>	<b>Carrying Amount RM</b>	<b>Contractual Undiscounted Cash Flows RM</b>	<b>Within 1 Year RM</b>	<b>1-5 Years RM</b>
<b>2022</b>					
<b>Non-derivative Financial Liabilities</b>					
Sundry payables and accruals	-	86,076	86,076	86,076	-
Amount owing to subsidiaries	-	654,040	654,040	654,040	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	41,599,602	41,599,602	-
		<b>740,116</b>	<b>42,339,718</b>	<b>42,339,718</b>	<b>-</b>
<b>2021</b>					
<b>Non-derivative Financial Liabilities</b>					
Sundry payables and accruals	-	91,887	91,887	91,887	-
Amount owing to subsidiaries	-	1,236,441	1,236,441	1,236,441	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	24,629,402	24,629,402	-
		<b>1,328,328</b>	<b>25,957,730</b>	<b>25,957,730</b>	<b>-</b>

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of reporting period. Financial guarantees have not been recognised since their fair value on initial recognition were not materials.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 37. FINANCIAL INSTRUMENTS (CONT'D)

##### 37.2 CAPITAL RISK MANAGEMENT

The Group's and the Company's capital management objectives are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new shares, returns of capital to shareholders, sell assets to reduce debt, or secure additional debts.

The capital structure of the Group and of the Company consist of total borrowings and total equity, comprising issued share capital, reserves and non-controlling interests, as follows:-

	The Group	
	2022	2021
	RM	RM
Bank overdrafts	610,658	522,294
Borrowings	43,907,442	25,921,984
Lease liabilities	3,391,627	4,061,487
Total debt	47,909,727	30,505,765
Total equity	71,816,840	63,046,665
Gearing ratio*	67%	48%

\* The gearing ratio of the Company is not presented as the Company does not have debt.

The Group is not restricted to externally imposed capital requirements except that the Company and certain subsidiaries of the Company are required to maintain certain gearing ratio of total borrowings to tangible net worth (i.e. total net tangible assets), as defined in the facilities agreements for the borrowings. Tangible net worth is calculated as total equity less intangibles such as goodwill. The gearing ratio is as above and the Company has complied with these requirements during the financial year ended 31 March 2022 and 31 March 2021.





**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investment	2,279,000	2,933,669	-	-
<u>Amortised Cost</u>				
Trade receivables	13,843,880	10,975,355	-	-
Sundry receivables	97,265	353,838	-	-
Amount owing by subsidiaries	-	-	3,938,388	4,630,469
Amount owing by related parties	51,324	46,219	-	-
Fixed deposits with licensed banks	2,129,071	189,225	-	-
Cash and bank balances	8,195,424	7,823,476	548,287	1,295,974
	<b>24,316,964</b>	<b>19,388,113</b>	<b>4,486,675</b>	<b>5,926,443</b>
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Trade payables	6,485,510	5,892,959	-	-
Sundry payables and accruals	4,554,424	4,335,559	86,076	91,887
Amount owing to subsidiaries	-	-	654,040	1,236,441
Amount owing to related parties	-	150,885	-	-
Bank overdrafts	610,658	522,294	-	-
Borrowings	43,907,442	25,921,984	-	-
Lease liabilities	3,391,627	4,061,487	-	-
	<b>58,949,661</b>	<b>40,885,168</b>	<b>740,116</b>	<b>1,328,328</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gain recognised in profit or loss	44,001	25,364	-	-
<u>Amortised Cost</u>				
Net gain/(loss) recognised in profit or loss	146,692	(158,204)	129,319	20,039
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Net (loss)/gain recognised in profit or loss	(1,503,410)	484,739	(5,665)	-



**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximate their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total	
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Fair Value RM	Carrying Amount RM
<b>2022</b>								
<b>Financial Assets</b>								
Short-term investment	-	2,279,000	-	-	-	-	2,279,000	2,279,000
<b>Financial Liabilities</b>								
Term loans	-	-	-	-	41,724,442	-	41,724,442	41,724,442
<b>2021</b>								
<b>Financial Assets</b>								
Short-term investment	-	2,933,669	-	-	-	-	2,933,669	2,933,669
<b>Financial Liabilities</b>								
Term loans	-	-	-	-	23,857,984	-	23,857,984	23,857,984

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 37. FINANCIAL INSTRUMENTS (CONT'D)

##### 37.5 FAIR VALUE INFORMATION (CONT'D)

###### *Fair Value of Financial Instruments Carried at Fair Value*

The fair values above have been determined using the following basis:

The fair values of short-term investment (money market fund) are determined by reference to statements provided by financial institution, with which the investments were entered into.

There were no transfer between level 1 and level 2 during the financial year.

###### *Fair Value of Financial Instruments Not Carried at Fair Value*

- (a) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (b) The fair value of term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are 4.0% (2021: 4.0%).

#### 38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, the Malaysian Government implemented various types and phases of movement control order ("MCO") throughout the country where restrictions were either relaxed and/or tightened for certain states, districts and/or location based on the number of daily and active Covid-19 cases in the respective areas. Following the further imposition of full movement control order ("FMCO") since 1 June 2021, all economic sectors are not allowed to operate except the essential services and economic sectors identified by the National Security Council.

During the FMCO period, the Group was able to continue its operations with 60% capacity as the supply chain of electrical and electronic industry is considered an essential services and economic sector. In September 2021, the Group resumed its operations to 100% capacity.

Overall, the Covid-19 global pandemic has not resulted in any material impairment to the Group's assets (including inventories and receivables) as of 31 March 2022 or affected the Group's ability to continue its business as a going-concern. The Covid-19 global pandemic did not have any material impact on the Group's operations and financial performance for the financial year ended 31 March 2022.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



**39. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

On 1 April 2022, Malaysia has entered into “Transition to Endemic” phase of Covid-19 pandemic.

The Group will continuously monitor the development of Covid-19 pandemic and the disruption to its business activities caused by the prolonged effect of such pandemic and/or any subsequent MCO or similar measure imposed by Malaysian Government and evaluate their impact on the financial position, cash flows and operating results of the Group.

**40. COMPARATIVE FIGURE**

The following figures have been reclassified to confirm with the presentation of the current financial year:-

	<b>The Group</b>		<b>The Company</b>	
	<b>As Restated</b>	<b>As Previously Reported</b>	<b>As Restated</b>	<b>As Previously Reported</b>
	RM	RM	RM	RM
<b>Statements of Financial Position</b>				
<b>(Extract):-</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	38,549,608	26,719,646	-	-
Right-of-use assets	20,669,025	32,498,987	-	-
Other receivables, deposits and prepayments	-	278,551	-	-
Amount owing by subsidiaries	-	-	3,851,860	4,254,549
<b>Current Assets</b>				
Other receivables, deposits and prepayments	2,893,111	2,614,560	-	-
Amount owing by subsidiaries	-	-	778,609	375,920



# SHARE BUY-BACK STATEMENT

## 1. DISCLAIMER STATEMENT

This Statement is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-back Statement ("Statement") prior to its issuance, takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

## 2. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY TO YBS INTERNATIONAL BERHAD TO PURCHASE UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF YBS ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

The Proposed Renewal of Share Buy-back Mandate, if exercised, will enable the Company to utilise its financial resources not immediately required for use, to purchase its own Shares. The Proposed Renewal of Share Buy-back Mandate may enhance the Earnings per Share ("EPS") which may have a positive impact on the market price of YBS Shares. Other potential advantages of the Proposed Renewal of Share Buy-back Mandate to the Company and its shareholders are as follows:

- (a) To allow the Company to take preventive measures against speculation particularly when YBS Shares are undervalued which would in turn stabilise the market price of YBS Shares and hence, enhance investors' confidence;
- (b) To allow the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity; and
- (c) The Shares purchased pursuant to the Proposed Renewal of Share Buy-back Mandate ("Purchased Shares") may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

## 3. RETAINED PROFITS

Based on the audited financial statements of YBS as at 31 March 2022, the retained profits of the Company stood at RM13,404,305.

## 4. SOURCE OF FUNDING

The Proposed Renewal of Share Buy-back Mandate will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds and bank borrowings at the time of the purchase(s), actual number of YBS Shares to be purchased and other cost factors.

In the event external borrowings are used for the purchase of YBS Shares, the Board will ensure that the Company has the capability to repay the borrowings and that such repayment will not have a material effect on the Company's cash flows. Any funds utilised by YBS for the Proposed Renewal of Share Buy-back Mandate will consequentially reduce the resources available to YBS for its operations by a corresponding amount for the shares bought back.



## SHARE BUY-BACK STATEMENT (CONT'D)

### 5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Renewal of Share Buy-back Mandate, none of the Directors and Substantial Shareholders of YBS nor persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-back Mandate and, if any, the resale of the treasury shares.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of YBS as at 23 June 2022, the effects of the Proposed Renewal of Share Buy-back Mandate on the shareholdings of the Directors and Substantial Shareholders of YBS are as follows:

**Minimum Scenario:** Assuming full issuance of ESOS Options but none are exercised and YBS implements the Proposed Renewal of Share Buy-back Mandate in full.

#### Directors' Shareholdings

	Before the Proposed Renewal of Share Buy-back Mandate				After the Proposed Renewal of Share Buy-back Mandate			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% of share capital <sup>(a)</sup>	No. of shares	% of share capital <sup>(a)</sup>	No. of shares	% of share capital <sup>(b)</sup>	No. of shares	% of share capital <sup>(b)</sup>
Directors								
YBhg Dato' (Dr) Pahamin Ab Rajab	4,500,000	1.79	-	-	4,500,000	1.99	-	-
Yong Chan Cheah®	522,600	0.21	36,247,579^	14.40	522,600	0.23	36,247,579^	16.00
Yong Swee Chuan®	522,600	0.21	36,247,578#	14.40	522,600	0.23	36,247,578#	16.00
Low Hee Chung	200,000	0.08	-	-	200,000	0.09	-	-
Gor Siew Yeng	152,000	0.06	-	-	152,000	0.07	-	-
Dato' Jimmy Ong Chin Keng	-	-	-	-	-	-	-	-

#### Substantial Shareholders' Shareholdings

	Before the Proposed Renewal of Share Buy-back Mandate				After the Proposed Renewal of Share Buy-back Mandate			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% of share capital <sup>(a)</sup>	No. of shares	% of share capital <sup>(a)</sup>	No. of shares	% of share capital <sup>(b)</sup>	No. of shares	% of share capital <sup>(b)</sup>
Substantial Shareholders								
Cheah Jik Capital Sdn. Bhd.	36,247,579	14.40	-	-	36,247,579	16.00	-	-
Indowang Sdn. Bhd.	36,247,578	14.40	-	-	36,247,578	16.00	-	-
Musharaka Tech Venture Sdn. Bhd.	20,000,200	7.95	-	-	20,000,200	8.83	-	-
Koh Pei San <sup>(1)</sup>	-	-	36,247,578#	14.40	-	-	36,247,578#	16.00

#### Person Connected to Directors and/or Substantial Shareholders' Shareholdings

	Before the Proposed Renewal of Share Buy-back Mandate				After the Proposed Renewal of Share Buy-back Mandate			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% of share capital <sup>(a)</sup>	No. of shares	% of share capital <sup>(a)</sup>	No. of shares	% of share capital <sup>(b)</sup>	No. of shares	% of share capital <sup>(b)</sup>
Person connected to Directors and/or Substantial Shareholders								
Yong Swee Fung <sup>(2)</sup>	140,000	0.06	-	-	140,000	0.06	-	-





## SHARE BUY-BACK STATEMENT (CONT'D)

### 5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM (CONT'D)

**Maximum Scenario:** Assuming full issuance and exercise of the 75,501,100 ESOS Options (being 30% of the total number of issued shares of YBS) and YBS implements the Proposed Renewal of Share Buy-back Mandate in full.

#### Directors' Shareholdings

	Before the Proposed Renewal of Share Buy-back Mandate				After the Proposed Renewal of Share Buy-back Mandate			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% of share capital <sup>(c)</sup>	No. of shares	% of share capital <sup>(c)</sup>	No. of shares	% of share capital <sup>(d)</sup>	No. of shares	% of share capital <sup>(d)</sup>
Directors								
YBhg Dato' (Dr) Pahamin Ab Rajab	9,500,000	2.99	-	-	9,500,000	3.32	-	-
Yong Chan Cheah <sup>@</sup>	6,737,200	2.12	36,247,579 <sup>^</sup>	11.42	6,737,200	2.36	36,247,579 <sup>^</sup>	12.69
Yong Swee Chuan <sup>@</sup>	6,737,200	2.12	36,247,578 <sup>#</sup>	11.42	6,737,200	2.36	36,247,578 <sup>#</sup>	12.69
Low Hee Chung	2,000,000	0.63	-	-	2,000,000	0.70	-	-
Gor Siew Yeng	1,500,000	0.47	-	-	1,500,000	0.52	-	-
Dato' Jimmy Ong Chin Keng	-	-	-	-	-	-	-	-

#### Substantial Shareholders' Shareholdings

	Before the Proposed Renewal of Share Buy-back Mandate				After the Proposed Renewal of Share Buy-back Mandate			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% of share capital <sup>(c)</sup>	No. of shares	% of share capital <sup>(c)</sup>	No. of shares	% of share capital <sup>(d)</sup>	No. of shares	% of share capital <sup>(d)</sup>
Substantial Shareholders								
Cheah Jik Capital Sdn. Bhd.	36,247,579	11.42	-	-	36,247,579	12.69	-	-
Indowang Sdn. Bhd.	36,247,578	11.42	-	-	36,247,578	12.69	-	-
Musharaka Tech Venture Sdn. Bhd.	20,000,200	6.30	-	-	20,000,200	7.00	-	-
Koh Pei San <sup>(1)</sup>	-	-	36,247,578 <sup>#</sup>	11.42	-	-	36,247,578 <sup>#</sup>	12.69

#### Person Connected to Directors and/or Substantial Shareholders' Shareholdings

	Before the Proposed Renewal of Share Buy-back Mandate				After the Proposed Renewal of Share Buy-back Mandate			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% of share capital <sup>(c)</sup>	No. of shares	% of share capital <sup>(c)</sup>	No. of shares	% of share capital <sup>(d)</sup>	No. of shares	% of share capital <sup>(d)</sup>
Person Connected to Directors and/or Substantial Shareholders								
Yong Swee Fung <sup>(2)</sup>	140,000	0.04	-	-	140,000	0.05	-	-

#### Notes:

- (a) Based on existing total number of issued shares of 251,670,385 Ordinary Shares (Treasury Shares is nil).
- (b) Based on the total number of issued shares of 226,503,347 Ordinary Shares without exercising of ESOS Options and Proposed Renewal of Share Buy-back Mandate is carried out in full and all the shares purchased are held as treasury shares.
- (c) Based on the total number of issued shares of 317,496,085 Ordinary Shares, with the assumption that the Directors/ Substantial Shareholders/ Persons Connected to them (whose also an eligible person to the Company's ESOS) fully exercised their ESOS Options:
- YBhg Dato' (Dr) Pahamin Ab Rajab - 5,000,000 ESOS Options
  - Yong Chan Cheah - 7,259,800 ESOS Options
  - Yong Swee Chuan - 7,259,800 ESOS Options
  - Low Hee Chung - 2,000,000 ESOS Options
  - Gor Siew Yeng - 1,500,000 ESOS Options
- (d) Based on total number of issued shares of 285,746,477 Ordinary Shares, after the full exercised of ESOS Options and the Proposed Renewal of Share Buy-back Mandate is carried out in full and all the shares purchased are held as treasury shares.
- @ Also substantial shareholder of the Company.
- (1) Also Person Connected to Yong Swee Chuan
- (2) Person Connected to Yong Chan Cheah and Yong Swee Chuan
- <sup>^</sup> Deemed Interested by virtue of his substantial shareholdings in Cheah Jik Capital Sdn. Bhd.
- <sup>#</sup> Deemed Interested by virtue of his/her substantial shareholdings in Indowang Sdn. Bhd.



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## SHARE BUY-BACK STATEMENT (CONT'D)

### 6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

#### 6.1 Potential Advantages of the Proposed Renewal of Share Buy-back Mandate

The potential advantages of the Proposed Renewal of Share Buy-back Mandate are as set out in Section 2 of the Statement.

#### 6.2 Potential Disadvantages of the Proposed Renewal of Share Buy-back Mandate

The potential disadvantages of the Proposed Renewal of Share Buy-back Mandate to the Company and its shareholders are as follows:

- (a) The Proposed Renewal of Share Buy-back Mandate will reduce the financial resources of the Group and may result in the Group foregoing interest income and/or better investment opportunities that may emerge in the future; and
- (b) It would also result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Board is of the view that the Proposed Renewal of Share Buy-back Mandate is not expected to have any potential material disadvantages to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

### 7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The material financial effects of the Proposed Renewal of Share Buy-back Mandate on the share capital, consolidated Net Tangible Assets ("NTA"), working capital, earnings per share, dividends and the substantial shareholders' shareholdings in YBS (assuming that the Company purchases up to a maximum of 31,749,609 YBS Shares representing approximately ten percent (10%) of the enlarged total number of issued shares with the full exercised of ESOS) are set out below:

#### 7.1 Share Capital

The effects of the Proposed Renewal of Share Buy-back Mandate on the total number of issued shares of YBS are as follows:

**Minimum Scenario:** Assuming full issuance of ESOS Options but none are exercised and YBS implements the Proposed Renewal of Share Buy-back Mandate in full.

	No. of shares
As at 23 June 2022	251,670,385
Proposed Renewal of Share Buy-back Mandate (assuming all YBS Shares purchased are held as treasury shares)	(25,167,038)
Total number of issued shares after the Proposed Renewal of Share Buy-back Mandate	226,503,347



## SHARE BUY-BACK STATEMENT (CONT'D)

### 7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE (CONT'D)

#### 7.1 Share Capital (Cont'd)

**Minimum Scenario:** Assuming full issuance and exercise of the 75,501,100 ESOS Options (being 30% of the total number of issued shares of YBS) and YBS implements the Proposed Renewal of Share Buy-back Mandate in full.

	No. of shares
As at 23 June 2022	251,670,385
Balance Shares to be issued pursuant to the ESOS (assuming full exercise of the ESOS Option (being 30% of the total number of issued shares of YBS))	65,825,700
Enlarged total number of issued shares	317,496,085
Proposed Renewal of Share Buy-back Mandate (assuming all YBS Shares purchased are held as treasury shares)	(31,749,608)
Resultant total number of issued shares	285,746,477

The Proposed Renewal of Share Buy-back Mandate will not have any effect on the total number of issued shares of the Company as Shares purchased are to be retained as treasury shares. However, while the Purchased Shares are held as treasury shares, Companies Act, 2016 states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including without limiting the generality of this provision, the provisions of any law or requirements of the Constitution of the Company or the listing rules of a stock exchange on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

#### 7.2 NTA

The effects of the Proposed Renewal of Share Buy-back Mandate on the consolidated NTA of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to YBS to finance the Purchased Shares or any loss in interest income to YBS.

The Proposed Renewal of Share Buy-back Mandate will reduce the consolidated NTA per Share at the time of purchase if the purchase price exceeds the consolidated NTA per Share and conversely will increase the consolidated NTA per Share at the time of purchase if the purchase price is less than the consolidated NTA per Share.

Should the Purchased Shares be resold, the consolidated NTA will increase if the Company realises a capital gain from the resale, and vice-versa. However, the quantum of the increase in NTA will depend on the selling prices of the Purchased Shares and the number of Purchased Shares resold.

#### 7.3 Working Capital

The Proposed Renewal of Share Buy-back Mandate is likely to reduce the working capital of the Group, the quantum of which would depend on the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase. The working capital of the Group will increase when the Company sell the Purchased Shares. The quantum of the increase in working capital will depend on the selling price of the Purchased Shares and the number of Purchased Shares resold.



## SHARE BUY-BACK STATEMENT (CONT'D)

### 7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE (CONT'D)

#### 7.4 Earnings per Share

The effects of the Proposed Renewal of Share Buy-back Mandate on the earnings of the Group will depend on, inter-alia, the purchase prices of the Shares, the number of Purchased Shares, the effective funding cost to YBS to finance the purchase of Shares or any loss in interest income to the Group and the proposed treatment of the Purchased Shares.

If the Purchased Shares are to be retained as treasury shares or cancelled subsequently, the number of Shares applied in the computation of the EPS will be reduced, and accordingly, all other things being equal, the Proposed Renewal of Share Buy-back Mandate will have a positive impact on the EPS of the Group.

In the event the Purchased Shares are resold subsequently, depending on the price at which the said Shares are resold, the Proposed Renewal of Share Buy-back Mandate may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice-versa.

#### 7.5 Dividends

Assuming the Proposed Renewal of Share Buy-back Mandate is implemented in full, dividends would be paid on the remaining total number of issued shares of YBS (excluding the Shares already purchased). The Proposed Renewal of Share Buy-back Mandate may have an impact on the Company's dividend policy for the financial year ending 31 March 2023 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by YBS in the future would depend on, inter-alia, the profitability and cash flow position of the Group.

#### 7.6 Substantial Shareholders

Shares bought back by the Company under the Proposed Renewal of Share Buy-back Mandate that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

### 8. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE RELATING TO THE RULES OF TAKE-OVERS, MERGER AND COMPULSORY ACQUISITIONS (THE "RULES")

Based on the Company's total number of issued Shares and the current shareholdings of the substantial shareholders and/or parties acting in concert as at 23 June 2022, none of the substantial shareholders and/or parties acting in concert with them will be required to make a mandatory general offer in the event of the implementation of Proposed Renewal of Share Buy-back Mandate in full.

YBS has no intention for the Proposed Renewal of Share Buy-back Mandate to trigger the obligation to undertake a mandatory general offer under the Rules by any of its substantial shareholders and/or parties acting in concert with them. The Board will ensure that only such number of YBS Shares are purchased, retained as treasury shares or cancelled in the manner that the Rules will not be triggered.

The Board is aware of the requirements of the Rules and will be mindful of the requirements when making any purchase of YBS Shares pursuant to the Proposed Renewal of Share Buy-back Mandate.



## SHARE BUY-BACK STATEMENT (CONT'D)

### 9. PURCHASES, RESOLD, TRANSFER AND CANCELLATION MADE BY THE COMPANY OF ITS OWN SHARES IN THE PRECEDING TWELVE (12) MONTHS

The Company does not hold any treasury shares and has not purchased, resold, transferred or cancelled any shares in the preceding 12 months.

### 10. PROPOSED INTENTION OF THE DIRECTORS TO DEAL WITH THE SHARES SO PURCHASED

The Proposed Renewal of Share Buy-back Mandate, if exercised, the shares shall be dealt with in the following manner:

- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

### 11. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of YBS Shares traded on Bursa Securities for the preceding twelve (12) months are as follows:

	High RM	Low RM
<b>2021</b>		
July	0.555	0.305
August	0.490	0.400
September	0.435	0.350
October	0.500	0.330
November	0.760	0.465
December	0.780	0.605
<b>2022</b>		
January	0.730	0.505
February	0.670	0.525
March	0.595	0.405
April	0.635	0.500
May	0.585	0.430
June	0.610	0.450

Last transacted market price as at 25 July 2022 (being the latest practical date prior to the printing of this Statement) was RM0.530.

(Source: Bloomberg)



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YBS International Berhad  
200201014380 (582043-K)

## SHARE BUY-BACK STATEMENT (CONT'D)

### 12. PUBLIC SHAREHOLDING SPREAD

As at 23 June 2022, the public shareholding spread of the Company was approximately 60.65%. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of YBS shall not fall below 25% of the total number of issued shares of the Company (excluding treasury shares) at all times pursuant to the Proposed Renewal of Share Buy-back Mandate, in accordance with Rule 8.02(1) and 12.14 of the ACE Market Listing Requirements of Bursa Securities.

### 13. DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Renewal of Share Buy-back Mandate described above is in the best interest of the Company.

### 14. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Twentieth Annual General Meeting to give effect to the Proposed Renewal of Share Buy-back Mandate.

### 15. RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

### 16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Head Office of the Company at K27 Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas, 84000 Muar, Johor during normal office hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:

- I. Company Constitution of YBS; and
- II. The audited consolidated financial statements of YBS for the past two (2) financial year ended 31 March 2021 and 31 March 2022 respectively.

### 17. FURTHER INFORMATION

There is no other information concerning the Proposed Renewal of Share Buy-back Mandate as shareholders and other professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-back Mandate and the extent of the risks involved in doing so.



# LIST OF PROPERTIES

AS AT 31 MARCH 2022

Location	Description	Area (sq.m.)	Existing Use	Tenure/ Age of Building	Carrying Amount as at 31.03.2022 RM'000	Date of Acquisition/ Revaluation
Lot Lain-lain PTK No. 4, HSD No. 1103 Mukim of Kesang, District of Ledang, State of Johor.  Bearing postal address: K27 Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas, 84000 Muar, Johor Darul Takzim.	Industrial land erected with factory cum office buildings and ancillary structures	24,281	Factory/ Office	Leasehold for 60 years expiring on 31.05.2081/ 28 years	6,906	11.10.2006
H.S.(D) 55914, P.T. 907, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang.  Bearing postal address: Plot 171, Mukim 13, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, 14000 Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang.	Industrial land erected with factory cum office buildings and ancillary structures	4,063	Factory/ Office	Leasehold for 60 years expiring on 23.04.2068/ 13 years	3,957	18.07.2011
Lot No. 4787 held under GRN 150425, Mukim 13, Seberang Perai Tengah, Pulau Pinang.  Bearing postal address: 17, Lorong Seri Juru 1, Taman Seri Juru, 14100 Simpang Ampat, Pulau Pinang.	Double storey semi-detached house	232	Employee hostel	Freehold/ 18 years	252	16.06.2010
Lot No. 5491 held under GM361, Mukim 13, Seberang Perai Tengah, Pulau Pinang.  Bearing postal address: 35, Lorong Seri Juru 3, Taman Seri Juru, 14100 Simpang Ampat, Pulau Pinang	Double storey semi-detached house	232	Employee hostel	Freehold/ 18 years	259	30.11.2011
H.S.(D) 35594, Lot 7132, Mukim 14, Seberang Perai Tengah, Pulau Pinang.  Bearing postal address: 2026, Jalan Bukit Minyak, Kawasan Industri Ringan Asas Jaya, 14000 Bukit Mertajam, Pulau Pinang.	Three storey light industry building	130	Factory	Freehold/ 10 years	297	24.05.2011



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## LIST OF PROPERTIES (CONT'D)

AS AT 31 MARCH 2022

Location	Description	Area (sq.m.)	Existing Use	Tenure/ Age of Building	Carrying Amount as at 31.03.2022 RM'000	Date of Acquisition/ Revaluation
H.S.(D) 35593, Lot 7131, Mukim 14, Seberang Perai Tengah, Pulau Pinang.  Bearing postal address: 2027, Jalan Bukit Minyak, Kawasan Industri Ringan Asas Jaya, 14000 Bukit Mertajam, Pulau Pinang.	Three storey light industry building	130	Factory	Freehold/ 10 years	297	27.05.2011
H.S.(D) 55923, Lot No. PT 830, Mukim 13, District of Seberang Perai Tengah, Pulau Pinang.  Bearing postal address: 978 (also known as PT830), Lorong Perindustrian Bukit Minyak 20, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.	Industrial land erected with factory cum office buildings and ancillary structures	40,604	Factory	Leasehold for 48 years expiring on 19.05.2068/ 15 years	24,652	02.10.2020



# ANALYSIS OF SHAREHOLDINGS

AS AT 23 JUNE 2022

Total Number of Issued Shares	251,670,385
Class of Shares	Ordinary shares
Voting Right	One vote per ordinary share
Number of Shareholders	2,987

## DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100 shares	30	1.00	1,242	0.00
100 to 1,000 shares	331	11.08	158,736	0.06
1,001 to 10,000 shares	1,391	46.57	8,319,470	3.31
10,001 to 100,000 shares	1,018	34.08	34,227,080	13.60
100,001 to 12,583,519 shares	212	7.10	116,468,500	46.28
12,583,520 shares and above	5	0.17	92,495,357	36.75
<b>Total</b>	<b>2,987</b>	<b>100.00</b>	<b>251,670,385</b>	<b>100.00</b>

## LIST OF TOP THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1.	Indowang Sdn. Bhd.	22,800,000	9.06
2.	Cheah Jik Capital Sdn. Bhd.	22,800,000	9.06
3.	Musharaka Tech Venture Sdn. Bhd.	20,000,200	7.95
4.	Cheah Jik Capital Sdn. Bhd.	13,447,579	5.34
5.	Indowang Sdn. Bhd.	13,447,578	5.34
6.	Tokio Marine Life Insurance Malaysia Bhd. Qualifier: As Beneficial Owner (TMEF)	10,812,100	4.30
7.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Deutsche Trustees Malaysia Berhad for Hong Leong Dana Makmur	8,054,200	3.20
8.	Eastbay Capital Sdn. Bhd.	6,630,000	2.63
9.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Tay Moy Koh (Segamat-CL)	5,415,500	2.15
10.	YBhg Dato' (Dr) Pahamin Ab Rajab	4,500,000	1.79
11.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Terence Wong @ Huang Thar-Rearn	3,500,000	1.39
12.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Qualifier: Hong Leong Asset Management Bhd for Hong Leong Foundation (ED100)	3,245,000	1.29
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Deutsche Trustees Malaysia Berhad for Hong Leong Dana Maa'rof	2,124,300	0.84
14.	English Hotbreads (Sel.) Sdn. Bhd.	2,026,500	0.81
15.	Cartaban Nominees (Tempatan) Sdn. Bhd. Qualifier: RHB Trustees Berhad for SP Tactical Investment Fund	2,000,000	0.79
16.	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Tan Ah Loy @ Tan May Ling	2,000,000	0.79
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Yap Yoon Sun (MY3608)	1,650,000	0.66
18.	Gan Joe Yee	1,600,000	0.64
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Doh Jee Ming	1,456,400	0.58



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## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 23 JUNE 2022

### LIST OF TOP THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares Held	%
20.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Cheong Weng Teong (CEB)	1,320,000	0.52
21.	Chooi Heng Yuen	1,210,000	0.48
22.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Tay Moy Koh (MY3164)	1,072,200	0.43
23.	HLB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Lee Chiah Cheang	1,070,000	0.43
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Hafidah Binti Pawanchik	1,025,000	0.41
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Ng Soon Leong	1,013,000	0.40
26.	Hii Yu Guan	1,000,000	0.40
27.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Dana Ekui Dinmk)	993,400	0.39
28.	Lee Yoke Lin	977,700	0.39
29.	HLIB Nominees (Tempatan) Sdn. Bhd. Qualifier: Hong Leong Bank Bhd for Saw Hean Yeow	935,000	0.37
30.	Yeoh Jun Boon	891,500	0.35

### LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	Cheah Jik Capital Sdn. Bhd.	36,247,579	14.40	-	-
2.	Indowang Sdn. Bhd.	36,247,578	14.40	-	-
3.	Musharaka Tech Venture Sdn. Bhd.	20,000,200	7.95	-	-
4.	Yong Chan Cheah	522,600	0.21	36,247,579~	14.40
5.	Yong Swee Chuan	522,600	0.21	36,247,578^	14.40
6.	Koh Pei San	-	-	36,247,578^	14.40

~ Deemed interested by virtue of his substantial shareholdings in Cheah Jik Capital Sdn. Bhd.

^ Deemed interested by virtue of his/her substantial shareholdings in Indowang Sdn. Bhd.

### DIRECTORS' SHAREHOLDINGS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	YBhg Dato' (Dr) Pahamin Ab Rajab	4,500,000	1.79	-	-
2.	Yong Chan Cheah	522,600	0.21	36,247,579~	14.40
3.	Yong Swee Chuan	522,600	0.21	36,247,578^	14.40
4.	Low Hee Chung	200,000	0.08	-	-
5.	Gor Siew Yeng	152,000	0.06	-	-
6.	Dato' Jimmy Ong Chin Keng	-	-	-	-

~ Deemed interested by virtue of his substantial shareholdings in Cheah Jik Capital Sdn. Bhd.

^ Deemed interested by virtue of his/her substantial shareholdings in Indowang Sdn. Bhd.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting of the Company will be held at Iconic 5, Level 7, The Iconic Hotel, 71, Jalan Icon City, Icon City, Bukit Mertajam, 14000 Penang on Thursday, 25 August 2022 at 11.00 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon. (Please refer to Note A)
2. To approve the payment of Directors' Fees of up to RM188,666/- for the period from 1 September 2022 until the next Annual General Meeting. (Ordinary Resolution 1)
3. To approve the Directors' benefits (excluding Directors' Fee) payable of up to RM47,000/- for the period from 1 September 2022 until the next Annual General Meeting of the Company. (Ordinary Resolution 2)
4. To re-elect the following Directors retiring pursuant to the paragraph 102 of the Company's Constitution, and who being eligible, offered themselves for re-election: (Please refer to Note B)
  - a) Mr. Yong Swee Chuan (Ordinary Resolution 3)
  - b) Ms. Gor Siew Yeng (Ordinary Resolution 4)
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

## AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following ordinary resolutions:
  - a) Continue in Office as Independent Non-Executive Director  
"That authority be and is hereby given to Mr. Low Hee Chung who has served as an Independent Non-Executive Director of the Company to continue to serve as Independent Non-Executive Director of the Company" (Ordinary Resolution 6)
  - b) Continue in Office as Independent Non-Executive Director  
"That subject to the passing of Resolution 4, authority be and is hereby given to Ms. Gor Siew Yeng who has served as an Independent Non-Executive Director of the Company to continue to serve as Independent Non-Executive Director of the Company upon expiry of her tenure of nine (9) years as Independent Non-Executive Director on 1 July 2023 in accordance with the Malaysian Code on Corporate Governance." (Ordinary Resolution 7)
  - c) Authority to Issue Shares  
"That pursuant to Companies Act 2016 ("the Act") and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities." (Ordinary Resolution 8)



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### AS SPECIAL BUSINESS (CONT'D)

6. To consider and, if thought fit, to pass the following ordinary resolutions (Cont'd):

d) Renewal of Authority to purchase its Own Shares

“THAT subject always to the Act, 2016, the Constitution of the Company, the ACE Market Listing Requirements of Bursa Securities and all other applicable laws, regulations and guidelines for the time in force, the Directors of the Company be and are hereby given full authority, to seek shareholders' approval for the renewal of authority for the Company to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and in the best interest of the Company provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total issued shares of the Company at any point in time;

AND THAT upon the purchase by the Company of its own shares, the Directors are authorised to retain such shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased as treasury shares and cancel the remainder. The Directors are further authorised to distribute the treasury shares as dividends to the shareholders of the Company and/or resell the shares on Bursa Securities in accordance with the relevant rules of Bursa Securities or subsequently cancel the treasury shares or any combination thereof;

AND THAT such approval and authorisation shall only continue to be in force until:

- (i) the conclusion of the first Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate.”

(Ordinary Resolution 9)



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### AS SPECIAL BUSINESS (CONT'D)

6. To consider and, if thought fit, to pass the following ordinary resolutions (Cont'd):

e) Proposed Granting of ESOS Options to Dato' Jimmy Ong Chin Keng

"THAT, the Company has an existing Employees' Share Option Scheme ("ESOS") which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board of Directors of the Company ("Board") be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Dato' Jimmy Ong Chin Keng, an Independent Non-Executive Director of the Company, subject to the provisions of the By-Laws of the ESOS ("By-Laws"), provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the ESOS; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him (as defined in the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements")), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person."

(Ordinary Resolution 10)

(f) Proposed Granting of ESOS Options to Yong Li-Xiang

"THAT, the Company has an ESOS which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Yong Li-Xiang, the son of Yong Chan Cheah, who is the Product Engineer of YBS group, subject to the provisions of the By-Laws, provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the ESOS; and



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### AS SPECIAL BUSINESS (CONT'D)

6. To consider and, if thought fit, to pass the following ordinary resolutions (Cont'd):

(f) Proposed Granting of ESOS Options to Yong Li-Xiang (Cont'd)

- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person."

(Ordinary Resolution 11)

(g) Proposed Granting of ESOS Options to Yong Swee Fung

"THAT, the Company has an ESOS which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Yong Swee Fung, the sister of Yong Chan Cheah and Yong Swee Chuan, who is the Final Inspection Supervisor of YBS group, subject to the provisions of the By-Laws, provided always that:

- (i) she must not participate in the deliberation or discussion of her own allocation, as well as that of the persons connected with her, under the ESOS; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to her, if she, either singly or collectively through persons connected with her (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person."

(Ordinary Resolution 12)





## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### AS SPECIAL BUSINESS (CONT'D)

6. To consider and, if thought fit, to pass the following ordinary resolutions (Cont'd):

(h) Proposed Granting of ESOS Options to Chew Tin Hor

"THAT, the Company has an ESOS which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Chew Tin Hor, the brother-in-law of Yong Chan Cheah and Yong Swee Chuan, who is the Warehouse and Logistic Supervisor of YBS group, subject to the provisions of the By-Laws, provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the ESOS; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person."

(Ordinary Resolution 13)

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

### BY ORDER OF THE BOARD

How Wee Ling  
(MAICSA 7033850) / SSM PC No. 202008000869  
Ooi Ean Hoon  
(MAICSA 7057078) / SSM PC No. 202008000734  
Secretaries

Penang  
Date: 29 July 2022



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Notes:

#### Proxy

1. For the purpose of determining a member who shall be entitled to attend and vote at this 20<sup>th</sup> Annual General Meeting, the Company shall be requesting the Record of Depositors as at 17 August 2022. Only a depositor whose name appears on the Record of Depositors as at 17 August 2022 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at the Meeting (except an Exempt Authorised Nominee) is entitled to appoint up to two (2) proxies to attend and vote on a show of hands or on a poll in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy shall be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or emailed to mega-sharereg@megacorp.com.my, not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof i.e. by 11.00 a.m., Wednesday, 24 August 2022. For those who have emailed the Form of Proxy, please submit the original at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.

#### Explanation Notes on Ordinary and Special Business:

- A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.
- B. The Board through the Nominating Committee had undertaken an annual assessment on the Directors. Mr. Yong Swee Chuan (Executive Director) and Ms. Gor Siew Yeng (Independent Non-Executive Director) whom are seeking for re-election pursuant to Paragraph 102 of the Company's Constitution. Ms. Gor has also provided her annual declaration/confirmation of independence.

The Board and the Nominating Committee are satisfied with their performance assessment i.e. meeting attendances, participated actively and contributed positively during deliberations or discussions at Board Meetings, competency and capability, understanding of their roles and responsibilities. Thus, the Board recommended that the approval of the shareholders be sought for the re-election of the said Directors at the 20th AGM. The information of the Directors' standing for re-election is set out in "Profile of Directors" of the Annual Report 2022.

- C. Continue in Office as Independent Non-Executive Director

Mr. Low Hee Chung has served the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the term of office as Independent Non-Executive Director for Ms. Gor will be attaining nine (9) years cumulatively on 1 July 2023.



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanation Notes on Ordinary and Special Business (Cont'd):

#### C. Continue in Office as Independent Non-Executive Director (Cont'd)

The Board had assessed the performance and independence of the aforesaid Directors and recommended that the approval of the shareholders be sought for the aforesaid Directors to continue to serve as the Independent Non-Executive Directors of the Company, based on the following justification:-

- i) had fulfilled the criteria under the definition of an Independent Director as stated in the ACE Market Listing Requirements of Bursa Securities;
- ii) had demonstrated throughout the terms of their office to be independent by exercising independent judgment when a matter is put before them for decision. Thus, they would be able to function as check and balance, provide broader view and brings an element of objectivity to the Board;
- iii) had participated actively and contributed positively during deliberations or discussions at Board Meetings;
- iv) had performed their duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the Management.

The proposed Resolutions 6 and 7 [Item 6(a) and 6(b)], if passed, will enable Mr. Low Hee Chung and Ms. Gor Siew Yeng to continue to act as Independent Non-Executive Directors of the Company. Otherwise, they will be re-designated as a Non-Independent Non-Executive Director and relinquish their position as an Independent Non-Executive Director of the Company upon the conclusion of the 20th AGM (for Mr. Low Hee Chung) and upon attaining the 9th year term office (for Ms. Gor Siew Yeng).

#### D. Authority to Issue Shares

The proposed Ordinary Resolution No. 8 [Item 6(c)], if passed, will grant a renewed general mandate (Mandate 2022) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The Mandate 2022 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Nineteenth Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

#### E. Renewal of Authority to purchase its Own Shares

The proposed Ordinary Resolution No. 9 [Item 6(d)], if passed, will give the Company the authority to purchase its own ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first. For further information on the Renewal of Authority to purchase its Own Shares, please refer to the Share Buy-back Statement set out in the Annual Report 2022.



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanation Notes on Special Business (Cont'd):

#### F. Proposed Granting of ESOS Options

The proposed Ordinary Resolution 10 to 13 [Item 6(e) to 6(h)], if passed, will allow the Company to offer and grant options to Dato' Jimmy Ong Chin Keng (an Independent Non-Executive Director of the Company), Mr. Yong Li-Xiang (the son of Yong Chan Cheah, who is the Product Engineer of YBS group), Ms. Yong Swee Fung (the sister of Yong Chan Cheah and Yong Swee Chuan, who is the Final Inspection Supervisor of YBS group) and Mr. Chew Tin Hor (the brother-in-law of Yong Chan Cheah and Yong Swee Chuan, who is the Warehouse and Logistic Supervisor of YBS group) respectively to subscribe new Shares under the ESOS 2016 and to allot and issue from time to time new Shares not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the new Shares available under the ESOS 2016 shall be allocated to her, if she, either singly or collective through persons connected (as defined in the Listing Requirements) with her, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company. Please refer to the Circular to Shareholders dated 29 July 2022 for more information.

### IMPORTANT NOTICE:

The Company has in place precautionary measure for the AGM in order to safeguard the health of attendees at the AGM. You are requested to read and adhere to the Administrative Guide which can be downloaded from the Company's website or announcement via Bursa Securities' website.

We also wish to remind you to monitor the Company's website and announcements from time to time for any changes to the 20th AGM arrangement.



# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

**1. Details of individuals who are standing for election as directors (excluding directors standing for a re-election)**

No individual is seeking election as a director at the 20<sup>th</sup> AGM of the Company.

**2. Statement relating to general mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to issue securities in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (D) of the Notice of 20<sup>th</sup> AGM.



# PROXY FORM



**YBS INTERNATIONAL BERHAD**

Registration No: 200201014380 (582043-K)

No. of ordinary shares held		CDS Account No.	
Contact No.		Email Address	

\*I/We \_\_\_\_\_ (\*NRIC No./ Company No \_\_\_\_\_) of \_\_\_\_\_

being a \*Member/Members of YBS INTERNATIONAL BERHAD hereby appoint:- (Please tick (✓) whichever is applicable)

☐ The following proxy(ies):-

Name	NRIC / Passport No.	Address	Proportions of my/our holdings to be represented (%)
(1)			
<b>AND * / OR FAILING HIM*,</b>			
(2)			
Total...			100.0%

In case of a vote by show of hands, Proxy 1\*/Proxy 2\* shall vote on our behalf.

**AND \* / OR FAILING HIM\*,**

☐ Chairman of the Meeting

as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the 20th Annual General Meeting of the Company to be held at Iconic 5, Level 7, The Iconic Hotel, 71, Jalan Icon City, Icon City, Bukit Mertajam, 14000 Penang on Thursday, 25 August 2022 at 11.00 a.m. and at any adjournment thereof as indicated below:-

\* Strike out whichever is inapplicable

I/We hereby indicate with an "X" in the spaces provided how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

Ordinary Resolutions	For	Against
1. To approve the payment of Directors' Fees of up to RM188,666/- for the period from 1 September 2022 until the next Annual General Meeting.		
2. To approve the Directors' benefits (excluding Directors' Fee) payable of up to RM47,000/- for the period from 1 September 2022 until the next Annual General Meeting of the Company.		
To re-elect the following Directors retiring pursuant to paragraph 102 of the Company's Constitution, and who being eligible, offered themselves for re-election:		
3. Mr. Yong Swee Chuan		
4. Ms. Gor Siew Yeng		
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
<b>Special Business</b>		
<b>Ordinary Resolutions</b>		
6. To authorise Mr. Low Hee Chung to continue to serve as Independent Non-Executive Director of the Company.		
7. To authorise Ms. Gor Siew Yeng to continue to serve as Independent Non-Executive Director of the Company.		
8. Authority to issue shares pursuant to the Companies Act, 2016.		
9. To approve the proposed renewal of authority to purchase up to ten percent (10%) of its own shares in the total number of issued shares of the Company.		
10. Proposed Granting of ESOS Options to Dato' Jimmy Ong Chin Keng		
11. Proposed Granting of ESOS Options to Yong Li-Xiang		
12. Proposed Granting of ESOS Options to Yong Swee Fung		
13. Proposed Granting of ESOS Options to Chew Tin Hor		

Signature of Member: .....

Signed this on the ..... day of ....., 2022

Notes:

Proxy

- For the purpose of determining a member who shall be entitled to attend and vote at this 20th Annual General Meeting, the Company shall be requesting the Record of Depositors as at 17 August 2022. Only a depositor whose name appears on the Record of Depositors as at 17 August 2022 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
- A member entitled to attend and vote at the Meeting (except an Exempt Authorised Nominee) is entitled to appoint up to two (2) proxies to attend and vote on a show of hands or on a poll in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy shall be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or emailed to mega-sharereg@megacorp.com.my, not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof i.e. by 11.00 a.m., Wednesday, 24 August 2022. For those who have emailed the Form of Proxy, please submit the original at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.

Fold this flap for sealing

Then fold here



**Mega Corporate Services Sdn. Bhd.**  
Level 15-2, Bangunan Faber Imperial Court,  
Jalan Sultan Ismail, 50250 Kuala Lumpur

1st fold here



**YBS INTERNATIONAL BERHAD**

(Registration No: 200201014380 (582043-K))

K27 Jalan Perindustrian  
Kawasan Perindustrian Tanjung Agas  
84000 Muar, Johor Darul Takzim

Phone : 06-953 6088

Fax : 06-953 6986/953 2691

**[www.ybsinternational.com](http://www.ybsinternational.com)**