YBS INTERNATIONAL BERHAD *APPENDIX I*

Registration No. 200201014380 (582043-K)

(Incorporated in Malaysia)

Key matters deliberated during the Nineteenth Annual General Meeting of the Company held on a fully virtual basis through remote participation and electronic voting via online meeting platform: GoToWebinar by megacorp.com.my provided by Mega Corporate Services Sdn. Bhd. on Thursday, 23 September 2021 at 11.00 a.m.

	Enquiries / Concerns	**Response from the Management**
1.	It is stated in the Management Discussion and Analysis that there is a new factory building of RM25.28 million as part of the Group's continuing expansion program. However, there was no such cash outlay for investing activities as per Statements of Cash Flows. Could the Management please elaborate on how the new factory building is being funded?	The new factory is being funded by term loan from financial institution. Please refer Note 33 (a) Right-of-use (ROU) assets, the cost of the ROU assets acquired have been offset with the finance via term loan and the net cash disbursed for addition of ROU assets was shown in the Statements of Cash Flows.
2	Similarly, based on Note 21 Borrowings, the Group's term loan has increased by more than RM19 million. However, there were no such cash inflows of that sum for financing activities as per Statements of Cash Flows. Could the Management please elaborate on how the borrowings had been obtained and utilized?	As elaborated in Note 33(a) & (b), the finance via term loan has been offset with the cost of ROU assets, therefore it was not shown as cash inflows in the Statements of Cash Flows.
3.	The Group's right-of-use assets increased by about RM28 million, but lease liabilities only increased by about RM2 million. Why is there such a huge gap between the increase in ROU assets and lease liabilities?	The increases of ROU assets was mainly contributed by the acquisition of new factory building which has been included under ROU assets and it was finance via term loan thus the increases in ROU will not has such corresponding increases in lease liabilities.
4.	It is stated in the Management Discussion and Analysis that the Covid-19 pandemic had affected the timing of collection from customers. However, there were no impairment losses recognized in this regard. Why does the Management assess that the balances outstanding more than 90 days past due will be fully recoverable and no expected credit losses required?	The outstanding more than 90 days past due payment has been received subsequent to the financial year end.

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5.	Key Audit Matter – Impairment assessment of goodwill: One of the key assumptions is that the growth rate is forecasted ranging from 4% to 20% per annum, for the financial years 2022 to 2026 as well as beyond the 5 years forecast period. However, the Group's revenue had decreased year by year throughout FY2017 to FY2021. How does the revenue growth be justified and supported? Could the Management provide details regarding the committed and estimated additional orders from both new and existing customers that are factored into the impairment assessment?	The forecasted growth rate is based on the commencement of new production plant at new factory building with higher capacity for new project. Moreover, certain subsidiaries had secured book order for the next 6 months.