YLI HOLDINGS BERHAD
199501038047 (367249-A)

ANNUAL REPORT 2023

DIVERSIFICATION & EXPANSION

OUR VISION

To be a pre-eminent group in providing products and services to the water supply and sewerage industry, thus contributing effectively towards **building the nation.**

OUR MISSION

By constantly enhancing our capabilities in manufacturing and services, we intend to be the leading player in the rapidly growing water and sewerage sectors within the Asian region.

We will continue to look for opportunities to further **enhance Shareholders' value.**

28th

Annual General Meeting ("AGM") of **YLI Holdings Berhad**

Monday, 28 August 2023 11:00 a.m.

FULLY VIRTUAL

basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online.

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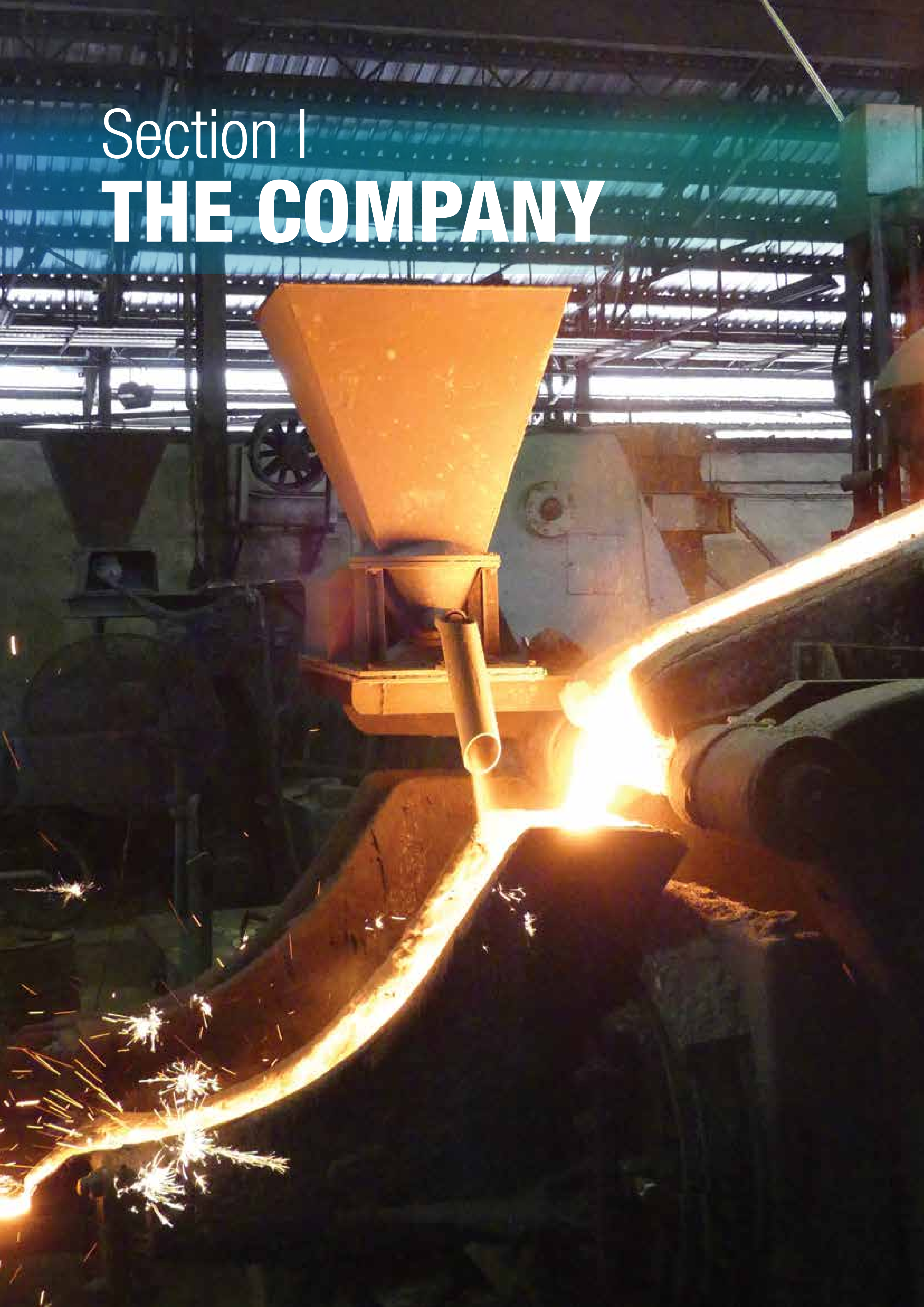
Section I
THE COMPANY



CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dato' Haji Samsuri Bin Rahmat
Non-Independent
Non-Executive Chairman

Seah Heng Chin
Group Managing Director

Dr Abdul Latif Bin Shaikh Mohamed
Independent
Non-Executive Director

Datuk Haji Jalaludin Bin Haji Ibrahim
Independent
Non-Executive Director

Hew Kam Mooi
Independent
Non-Executive Director

BOARD COMMITTEES

Audit and Risk Management Committee

Dr Abdul Latif Bin Shaikh Mohamed - *Chairman*
Datuk Haji Jalaludin Bin Haji Ibrahim
Hew Kam Mooi

Nomination Committee

Hew Kam Mooi - *Chairman*
Datuk Haji Jalaludin Bin Haji Ibrahim
Dr Abdul Latif Bin Shaikh Mohamed

Remuneration Committee

Datuk Haji Jalaludin Bin Haji Ibrahim - *Chairman*
Dr Abdul Latif Bin Shaikh Mohamed
Hew Kam Mooi

REGISTERED OFFICE

45, Lorong Rahim Kajai 13
Taman Tun Dr Ismail
60000 Kuala Lumpur, Malaysia
Tel : +60 (3) 7722 2296
Fax : +60 (3) 7722 2057
Email: corporate@yli.com.my

COMPANY SECRETARIES

Chew Siew Cheng
MAICSA 7019191
SSM PC NO. 202008001179

Law Mee Poo (appointed on 22 May 2023)
MAICSA 7033423
SSM PC NO. 201908002275

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia
Tel : +60 (3) 2297 1000
Fax : +60 (3) 2282 9980

SHARE REGISTRAR

Plantation Agencies Sdn Berhad
3rd Floor, 2 Lebuh Pantai
10300 Georgetown,
Penang, Malaysia
Tel : +60 (4) 262 5333
Fax : +60 (4) 262 2018
Email: sharereg@plantationagencies.com.my

PRINCIPAL BANKERS

AmBank (M) Berhad
AmInvestment Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia Securities Berhad
Sector : Industrial Products and Services
Stock Name : YLI
Stock Code : 7014

CORPORATE **STRUCTURE**

YLI HOLDINGS BERHAD
199501038047 (367249-A)

100%

YEW LEAN FOUNDRY & CO SDN BHD
197601002136 (28131-K)

- 100% ZENITH EASTERN (M) SDN BHD
  198901008998 (186299-T)

YEW LEAN INDUSTRIES SDN BHD
199301016469 (271209-W)

LOGAM UTARA (M) SDN BHD
198801003097 (170454-P)

YEW LI FOUNDRY & CO SDN BHD
197901006108 (50391-V)

70%

HALUAN PRISMA SDN BHD
199601004555 (376901-W)

MRPI PIPES SDN BHD
197801003263 (40279-V)

51%

LAKSANA WIBAWA SDN BHD
199601027502 (399854-W)

FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH	
	2023 RM'000	**2022 RM'000**
Revenue	**75,446**	83,849
Profit/(Loss) Before Taxation	**3,373**	(6,692)
Profit/(Loss) After Taxation Attributed to Shareholders	**3,391**	(5,143)
Shareholders' Funds	**119,484**	116,093
Total Asset Employed	**191,558**	186,426
Profit/(Loss) After Taxation as a Percentage of Shareholders' Fund (%)	**2.84**	(4.43)
Basic/Diluted Earnings/(Loss) Per Share (sen)	**3.30**	(5.00)
Net Assets Per Share (RM)	**1.16**	1.13
No. of Shares in Issue (Net of Treasury Shares)	**102,830**	102,830

OUR PERFORMANCE

			FINANCIAL YEAR ENDED 31 MARCH		
			2023 RM'000	**2022 RM'000**	**CHANGE %**
INCOME STATEMENT	Revenue		**75,446**	83,849	(10.02)
	Profit/(Loss) Before Taxation		**3,373**	(6,692)	*
	Profit/(Loss) After Taxation Attributed to Shareholders		**3,391**	(5,143)	*
BALANCE SHEET	Shareholders' Funds		**119,484**	116,093	2.92
	Total Assets Employed		**191,558**	186,426	2.75
RATIOS	Current Ratio	times	**1.45**	1.39	4.32
	Return on Equity	%	**2.84**	(4.43)	*
	Return on Total Assets	%	**1.77**	(2.76)	*
	Financial Leverage Ratio	times	**0.38**	0.41	(7.32)
	Basic/Diluted Earnings/(Loss) Per Share	sen	**3.30**	(5.00)	*
	Net Tangible Asset Per Share	RM	**1.16**	1.13	2.65
	Closing Price for 31 March	RM	**0.310**	0.295	5.08

* Not Applicable / Comparable

BOARD OF DIRECTORS

Seated:

DATO' HAJI SAMSURI BIN RAHMAT
Non-Independent Non-Executive Chairman

Standing from left to right:

DATUK HAJI JALALUDIN BIN HAJI IBRAHIM
Independent Non-Executive Director

HEW KAM MOOI
Independent Non-Executive Director

SEAH HENG CHIN
Group Managing Director
Non-Independent Executive Director

DR ABDUL LATIF BIN SHAIKH MOHAMED
Independent Non-Executive Director

OUR LEADERSHIP **BOARD OF DIRECTORS**

DATO' HAJI SAMSURI BIN RAHMAT

DATO' HAJI SAMSURI BIN RAHMAT
Non-Independent Non-Executive Chairman

Age: **67** | Gender: **Male** | Nationality: 

Board Committee Memberships: Nil

Academic & Professional Qualification / Date of Appointment / Working Experience:
Dato' Haji Samsuri Bin Rahmat was appointed as the Chairman of YLI Holdings Berhad on 3 January 2020. He was the Managing Director of the Company since 9 June 2008. Prior to joining the Company, he was the Executive Vice Chairman and also Executive Director of TRIplc Berhad. Currently, he also sits on the Board of various subsidiaries of the YLI Group.

He graduated with a Bachelor of Science (Hons) degree in Environmental Studies from University Putra Malaysia in 1980. He also holds a Master of Arts degree in Economics from Western Michigan University, the United States of America.

He had held various key positions in the Ministry of Science, Technology and Environment, Ministry of International Trade and Industry, Ministry of National and Rural Development, Socio-Economic Research Unit and Economic Planning Unit (both under the Prime Minister's Department) for sixteen years before joining the private sector in 1996.

Directorship(s):
- Listed Companies: Nil
- Other Public Companies: Nil

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

Board Meeting Attendance in 2023:
- He attended all four (4) Board Meetings held during the financial year ended 31 March 2023

Length of Service: 15 years 1 month (as at 15 July 2023)

Date of Last Re-election: 30 August 2022

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

BOARD OF DIRECTORS

SEAH HENG CHIN

SEAH HENG CHIN

Group Managing Director
Non-Independent Executive Director

Age:	Gender:	Nationality:
48	Male	

Board Committee Memberships: Nil

Academic & Professional Qualification / Date of Appointment / Working Experience:

Mr Seah Heng Chin was appointed as the Group Managing Director of YLI Holdings Berhad on 3 January 2020. He was the Executive Director since 14 November 2014. Prior to his appointment as a Director, he has served as the Financial Controller in Yew Lean Foundry & Co Sdn Bhd, a wholly owned subsidiary of YLI Holdings Berhad since June 2008.

He has over twenty years of working experience in both accounting and audit related field in various industries. As the Group Managing Director, he is mainly responsible for the Group's strategic direction as well as its business and corporate development. He also sits on the Board of various subsidiaries of the YLI Group.

He graduated with a Bachelor of Arts (Hons) Business Administration from Coventry University in 1997. He is a Fellow Member of Association of Chartered Accountants (FCCA) and a Member of the Malaysian Institute of Accountants (MIA). He also holds a Master's degree in Business Administration from Strathclyde University, Scotland.

Directorship(s):
- Listed Companies: Nil
- Other Public Companies: Nil

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

Board Meeting Attendance in 2023:
- He attended all four (4) Board Meetings held during the financial year ended 31 March 2023

Length of Service: 8 years 8 months (as at 15 July 2023)

Date of Last Re-election: 14 September 2021

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

BOARD OF **DIRECTORS**

DR ABDUL LATIF BIN SHAIKH MOHAMED

DR ABDUL LATIF BIN SHAIKH MOHAMED
Independent Non-Executive Director

Age:	Gender:	Nationality:
63	**Male**	

Board Committee Memberships:
- Audit and Risk Management Committee (Chairman)
- Nomination Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification / Date of Appointment / Working Experience:
Dr Abdul Latif Bin Shaikh Mohamed was appointed to the Board on 20 November 2017.

He graduated with a Bachelor of Accounting (Honours) degree from Universiti Kebangsaan Malaysia in 1985, obtained his Master of Accountancy from University of Glasgow, Scotland in 1987 and his Doctor of Philosophy majoring in financial reporting from University of Manchester, England in 1995.

He started his career as an academia from 1985 until late 1999. From 1999 to early 2007, he ran a private consulting company.

From 2001 to 2007, he held position as an independent Director in two public listed companies (U-Wood Holdings Berhad and WWE Holdings Bhd) that were involved in property development and design & build of sewage treatment plant. In March 2007, he was redesignated to Executive Director in WWE Holdings Bhd and was subsequently made the Chairman and Managing Director in 2010. He was primarily responsible for the management and operations of WWE Holdings Bhd respectively before his retirement in 2015.

Directorship(s):
- Listed Companies: Nil
- Other Public Companies: Nil

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

Board Meeting Attendance in 2023:
- He attended all four (4) Board Meetings held during the financial year ended 31 March 2023

Length of Service: 5 years 7 months (as at 15 July 2023)

Date of Last Re-election: 14 September 2021

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

BOARD OF **DIRECTORS**

DATUK HAJI JALALUDIN BIN HAJI IBRAHIM

DATUK HAJI JALALUDIN BIN HAJI IBRAHIM

Independent Non-Executive Director

Age:	Gender:	Nationality:
66	**Male**	

Board Committee Memberships:

- Remuneration Committee (Chairman)
- Nomination Committee (Member)
- Audit and Risk Management Committee (Member)

Academic & Professional Qualification / Date of Appointment / Working Experience:

Datuk Haji Jalaludin Bin Haji Ibrahim was appointed to the Board on 3 January 2020.

He graduated with a Bachelor of Science (Hons) degree in Physics from Universiti Malaya. He also holds a Master of Business Administration degree from Ohio University, the United States of America, a Post Graduate Diploma in Forensic Science from King's College London, United Kingdom and a Post Graduate Diploma in Forensic Science from University of Strathclyde Glasgow, United Kingdom.

He has 33 years of illustrious working experience in the Royal Malaysian Police. He joined the Malaysian police force in 1984 and had since held many key positions including Senior Lecturer in Forensic Science CID Department, Head of Criminal Investigation Officer of Police District Brickfields, Officer In-Charge of Police District Ipoh (OCPD), Head of Counter Terrorism Unit in Royal Malaysian Police, and Assistant Director of Special Branch.

He was appointed as the Chief Executive Officer of Felda Global Venture Security Services Sdn Bhd (FGVSSSB) from 2013 to 2019 and in 2020 was appointed as an Advisor of FGVSSSB.

Directorship(s):

- Listed Companies: Nil
- Other Public Companies: Nil

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

Board Meeting Attendance in 2023:

- He attended all four (4) Board Meetings held during the financial year ended 31 March 2023

Length of Service: 3 years 6 months (as at 15 July 2023)

Date of Last Re-election: 28 September 2020

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

BOARD OF DIRECTORS

HEW KAM MOOI

HEW KAM MOOI
Independent Non-Executive Director

Age: **66** | Gender: **Female** | Nationality: 

Board Committee Memberships:
- Nomination Committee (Chairman)
- Remuneration Committee (Member)
- Audit and Risk Management Committee (Member)

Academic & Professional Qualification/ Date of Appointment / Working Experience:

Ms Hew Kam Mooi was appointed to the Board on 31 May 2022.

She has more than 45 years of working experience and extensive knowledge in various areas covering operations, corporate banking, corporate financing, merger & acquisition, accounting, taxation, auditing and strategic financial management in private as well as listed companies.

She graduated with a Degree in Accounting & Finance and is a member of the Association of International Accountants (AIA), United Kingdom. She is a member of Institute of Financial Accountants (IFA), United Kingdom and a member of Institute of Public Accountants (IPA) Melbourne, Australia.

She started her young career in a private company in manufacturing, trading and customer service industry. Subsequently, she joined a listed company in oil & gas, shipyard, fabrication, construction, resort, hotel & service development and consultancy services as an accountant. Later on, she joined a private company with a subsidiary listed in Philippine Stock Exchange as a Group Accountant and industries covered were Hotel & Resort Development & Management, as well as Construction & Investment.

In year 2000, she joined a developer as a General Manager in township development & construction. In year 2006, she was promoted to Managing Director heading a Financial Consultancy company, responsible for the overall function that the company undertakes especially in plantation, manufacturing, development & construction and real estate investments. In year 2021, she retired at the age of 65 from the company.

Directorship(s):
- Listed Companies: Nil
- Other Public Companies: Nil

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

Board Meeting Attendance in 2023:
- She attended three (3) Board Meetings out of the total four (4) Board Meetings held during the financial year ended 31 March 2023 as she was only appointed as Director on 31 May 2022

Length of Service: 1 year 2 months (as at 15 July 2023)

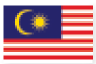
Date of Last Re-election: 30 August 2022 (appointed on 31 May 2022)

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

KEY SENIOR MANAGEMENT

KHOR SONG SIM

Operations Director, Yew Lean Foundry & Co Sdn Bhd

Age:	Gender:	Nationality:
56	Male	

Academic / Professional Qualification:

- Bachelor of Commerce degree in Accounting & Finance (with merit) from University of New South Wales, Australia in 1992.

Directorship(s):

- Listed Companies: Nil
- Other Public Companies: Nil

Date of Appointment / Working Experience:

Khor Song Sim was appointed as the Operations Director on 2 January 2020. Prior to his appointment as Operations Director, he was the Senior General Manager, Corporate Services in Yew Lean Foundry & Co Sdn Bhd.

He joined Yew Lean Foundry & Co Sdn Bhd in 2007 as General Manager - Corporate Services and has over thirty years of working experience in accounting, corporate services, internal and statutory audit related fields in various industries, including a stint as the Financial Controller of companies that were listed on the Main Market and Mesdaq Market of Bursa Malaysia Securities Berhad.

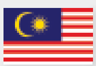
Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

ANUAR SHUKRY BIN ISMAIL

Operations Director, MRPI Pipes Sdn Bhd

Age:	Gender:	Nationality:
52	Male	

Academic / Professional Qualification:

- Bachelor of Science degree in Mechanical Engineering from University of Missouri-Rolla, United States in 1994.

Directorship(s):

- Listed Companies: Nil
- Other Public Companies: Nil

Date of Appointment / Working Experience:

Anuar Shukry Bin Ismail was appointed as the Operations Director on 2 January 2020. Prior to his appointment as Operations Director, he was the Sales & Marketing Manager in MRPI Pipes Sdn Bhd.

He joined MRPI Pipes Sdn Bhd (formerly known as Musa & Rahman Plastic Industries Sdn Bhd) in 1994 as Sales Engineer. He had since held various key positions within the company with involvement in various functions including sales, marketing and production. He has vast experience in plastic pipe manufacturing including his involvement in the water supply job for Tenaga Nasional Berhad in Manjung, Perak for submarine application, Lembaga Air Perak/Asian Development Bank project to supply High Density Polyethylene pipes and a number of supply contracts to various state water authorities in Malaysia.

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

KEY SENIOR MANAGEMENT

TEO KEE HENG

Assistant General Manager,
Laksana Wibawa Sdn Bhd

Age:	Gender:	Nationality:
50	Male	

Academic / Professional Qualification:

- Master of Science degree (with merit) in Engineering and Manufacturing Management from Coventry University, England in 2001
- Diploma in Materials Engineering from Tunku Abdul Rahman College in 1997

Directorship(s):

- Listed Companies: Nil
- Other Public Companies: Nil

Date of Appointment / Working Experience:

Teo Kee Heng was appointed as the Assistant General Manager on 1 March 2019. Prior to his appointment as Assistant General Manager, he was holding the position of Senior Manager - Sales/Marketing & Business Development in Laksana Wibawa Sdn Bhd.

He has over twenty years of working experience in piping for waterworks and sewerage industry covering sales and marketing, project and engineering as well as manufacturing and operations.

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

MUHAMAD RIDZWAN BIN SURADI

Project Director, Haluan Prisma Sdn Bhd

Age:	Gender:	Nationality:
44	Male	

Academic / Professional Qualification:

- Bachelor in Construction Management (Hons) from University Teknologi Mara (UiTM) in 2015
- Diploma in Building Services from Politeknik Sultan Abd. Halim in 2002

Directorship(s):

- Listed Companies: Nil
- Other Public Companies: Nil

Date of Appointment / Working Experience:

Muhamad Ridzwan Bin Suradi was appointed as the Project Director on 1 November 2022. Prior to his appointment, he was working in Kitacon Berhad. He has a total of twenty years experiences in contract and construction of residential, commercial institutional and purposed-built or specialty buildings.

Family relationship with any director and/or major shareholder: Nil

Conflict of Interest with the Company: Nil

List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any: Nil

FINANCIAL **CALENDAR**

FINANCIAL YEAR END	**31 March 2023**	
ANNUAL GENERAL MEETING	**28 August 2023**	
ANNOUNCEMENT OF RESULTS	**First Quarter** (Financial Period Ended 30 June 2022)	**30 August 2022**
	Second Quarter (Financial Period Ended 30 September 2022)	**30 November 2022**
	Third Quarter (Financial Period Ended 31 December 2022)	**27 February 2023**
	Fourth Quarter (Financial Period Ended 31 March 2023)	**31 May 2023**
ANNUAL REPORT	**Date of Issuance**	**28 July 2023**

Section II
CORPORATE STATEMENTS

MANAGEMENT **DISCUSSION & ANALYSIS**

Revenue
RM**75.45**mil
31 MAR 2023

Gross Loss
RM**0.84**mil
FY2023

Gearing & Liquidity
RM**45.18**mil
FY2023

GENERAL DESCRIPTION OF THE GROUP

YLI Holdings Berhad ("YLI") is an investment holding company with several key subsidiaries involving in activities as tabulated below:

Yew Lean Foundry & Co Sdn Bhd ("YLF")

YLF is a leading manufacturer of ductile iron pipes, fittings and other related products in Malaysia and the ASEAN region. Its pipes are manufactured according to BS EN standards and MS ISO standards for potable and sewerage applications. It is 100% owned by YLI Holdings Berhad.

Laksana Wibawa Sdn Bhd ("LW")

LW is primarily involved in the manufacturing of high quality steel pipes for water, sewerage and construction industries. By employing state-of-the-art pipe manufacturing technology from Germany, LW strives to become a significant mild steel pipe manufacturer in Malaysia as well as in South Asian Region. It is 51% owned by YLI Holdings Berhad.

MRPI Pipes Sdn Bhd ("MRPI")

MRPI is principally involved in the manufacturing and marketing of High Density Polyethylene ("HDPE") pipes and fittings. The pipes and fittings manufactured are in conformance with Malaysia and International Standards, primarily for potable and sewerage applications. It is 70% owned by YLI Holdings Berhad

Haluan Prisma Sdn Bhd ("HPSB")

HPSB is a contractor registered with "A" Class and PKK Bumiputra status by Pusat Khidmat Kontraktor ("PKK") and under "G7" Grade by the Construction Industry Development Board ("CIDB"). It is 70% owned by YLI Holdings Berhad.

Logam Utara Sdn Bhd ("LUSB")

LUSB have Licenses to trade in Scrap Metal and trading of other waterworks pipes, fittings and accessories for Water & Sewerage Industry. It is 100% owned by YLI Holdings Berhad

With the above key subsidiaries, YLI Group aspires to become the one-stop solution to all water and sewerage piping needs of its customers. While YLF, LW and MRPI serve to fulfill pipe requirement of various base materials (i.e. Ductile Iron, Mild Steel and HDPE), HPSB could synergistically act as the contractor in a supply-and-lay contract whenever such services are required by the Group's customers. Besides trading in pipes, fittings and accessories, trading licenses for Scrap Metal for LUSB also served to provide synergy to the Group especially YLF on the scrap metal requirement with excess that can be sold to the open market.

Along with our vision to be a pre-eminent group in providing value-added services and products to the water and sewerage industry, we strive to contribute effectively towards nation building.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Revenue

The group revenue for the financial year ended 31 March 2023 ("FY2023") was RM75.446 million as compared to RM83.849 million achieved in previous financial year ("FY2022"). While manufacturing and trading segment recorded a decrease of 10.02% (from RM83.849 million to RM75.446 million) in its revenue, construction segment recorded zero revenue as recorded in previous year, thus resulting in a net decrease of 10.02% in group revenue. The lower revenue in the group was primarily attributed by lower demand of YLI products and lower overseas sales for MRPI in addition to Langat 2 project reaching its tail end for LW.

Gross (Loss)/Profit

A gross loss of RM835,000 was recorded for FY2023 as compared to a gross profit of RM4.332 million for FY2022, in tandem with the lower group revenue in FY2023 coupled with continued spike in raw material and utility costs compared to FY2022.

Other Income

Other income for FY2023 at RM15.130 million rose significantly by RM14.901 million higher as compared to RM229,000 registered in FY2022. The increase in other income for FY2023 as compared to FY2022 was mainly due to a one-off gain of RM15.000 million from disposal of freehold lands in YLF.

Selling & Distribution Expenses

Selling and distribution expenses for FY2023 of RM1.315 million was lower as compared to RM1.626 million in FY2022 in tandem with lower revenue recorded for the year.

Administrative Expenses

Administrative expenses for FY2023 of RM7.396 million was lower as compared to RM7.619 million in FY2022.

Profit/(Loss) After Tax & Total Comprehensive Income/(Loss)

Consequently, for reasons stated above, the Group recorded a Profit after Tax of RM1.853 million in FY2023 as compared to a Loss after Tax of RM6.701 million for FY2022. Accordingly, total comprehensive income for FY2023 stood at RM1.853 million (vis-à-vis a Total Comprehensive Loss of RM6.701 million for FY2022).

Equity Attributable to the Owners of the Company

The equity attributable to the owners of the Company (i.e. YLI Holdings Berhad) increased from RM116.093 million as at the end of FY2022 to RM119.484 million as at the end of FY2023. The increase was due to total comprehensive income attributable to the owners of the company of RM3.391 million for FY2023 (vis-à-vis total comprehensive loss attributable to the owners of the company of RM5.143 million for FY2022).

Gearing and Liquidity

Total short-term and long-term borrowings of the Group (defined to include overdraft, finance lease payables, term loans and other bank borrowings, both long-term and short-term) as at the end of FY2023 amounted to RM45.178 million as compared to RM47.285 million as at the end of FY2022. In terms of liquidity, the Group recorded a cash and cash equivalents of RM9.879 million as at the end of FY2023 as compared to RM1.719 million as at the end of FY2022.

MANAGEMENT DISCUSSION & ANALYSIS

Capital expenditure requirement

A total of RM1.119 million was expended during FY2023 to fulfill capital expenditure requirement and the amount to be expended within the next financial year is expected to be within the range of RM4 million - RM5 million for the Group.

PROSPECTS

The Malaysian economy is expected to record a Gross Domestic Product ("GDP") growth rate of 4% to 5% in 2023 compared to strong growth of 8.7% in 2022. The industry outlook for the Group's business is expected to remain extremely challenging moving forward in view of the softer demand of waterworks pipes, competitive pricings offered by competitors, uncertain trend on raw materials such as scrap metal, hot rolled coils, plastic resin and hike in utility costs due to highly uncertain worldwide and domestic business environment, the Conflict between Russia and Ukraine and unusual inflation around the World with higher interest rate resulting in higher borrowing costs.

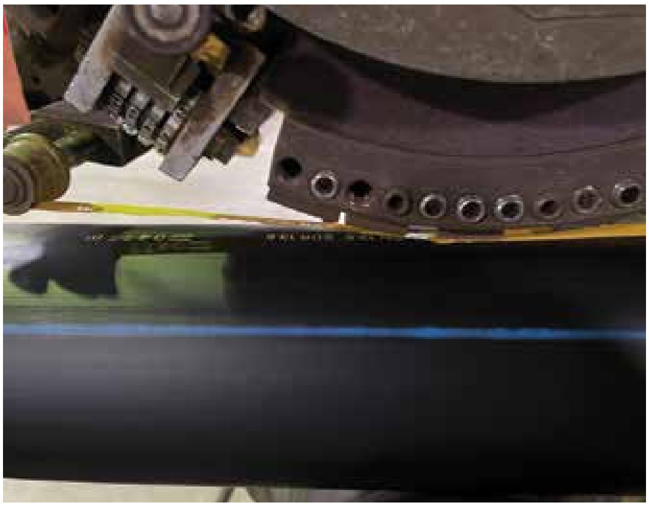
Despite the above, the Board of Directors and the Management believe that the demand for the Group's products (i.e. pipe and fittings made of ductile iron, mild steel and high density polyethylene) will gradually improve over time as the Government's efforts in improving the water infrastructure and delivery are intensified to reduce the currently high rate of non-revenue water in order to avoid water shortages in the future. Additionally, the Group would likely see further improvement in its operational efficiency moving forward as a result of its past and ongoing upgrades of its production machineries.

In its attempt to preserve its position as the leading manufacturer and supplier of premium quality water and sewerage pipes and fittings in the ASEAN region, the Group will continue to focus its effort in cost containment. The Group will also seek to intensify its research and marketing initiatives to diversify its product range and widen its foothold beyond its traditional markets.

In order to mitigate the risk of specialising in very limited fields or industries, the Group would continue to scout for investment opportunities to further diversify the earnings base of the Group and enhance the returns to its shareholders.

DIVIDEND

The Board of Directors does not recommend any dividend payment for the current financial year ended 31 March 2023.



SUSTAINABILITY STATEMENT

INTRODUCTION

YLI Holdings Berhad ("YLI" or the "the Group") remains committed to pursue its business responsibly amid the volatile and challenging market and business environment during the financial year ended 31 March 2023. The Group strives to focus on business sustainability and long-term value creation in order to create value to our shareholders, business counterparts, employees and the community at large.

The core values of the Group define and structure the much-needed foundation for integrating sustainability into our daily operations, management decisions as well as the strategic moves from the senior management leadership teams. The Group's sustainability approach is inclusive of weighing both the opportunities and risk into business strategic directions based on the commonly accepted business practices, with aim to increase the Group's competitive level across the targeted markets.

With the stipulated values as above, the Board is pleased to report on the group sustainability objectives, strategies and business activities which are deemed material to the Group. The said report also comprises of the Group's initiatives and efforts in complementing and supporting its long-term sustainability goals.

REPORTING PERIOD AND SCOPE

This Report covers the Group's sustainability initiatives, efforts and performance for the financial year ended 31 March 2023. The scope of this Report is covering the following in-scope entities:-

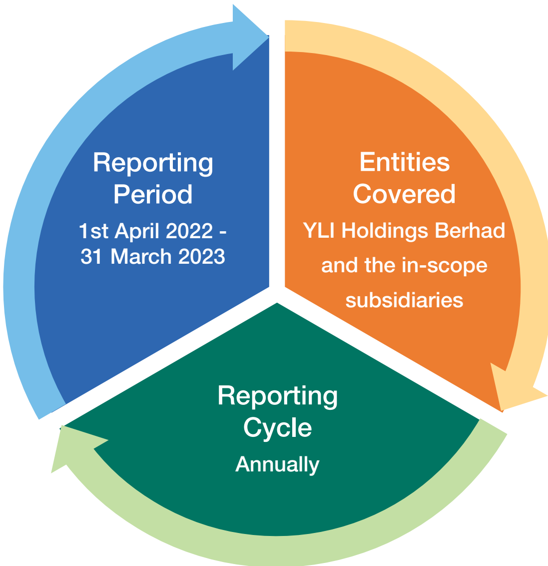
Entities	Sites of Operations	Principal Activities
Yew Lean Foundry & Co Sdn Bhd	Perai, Penang	Manufacturing and trading of ductile iron pipes, fittings and other related products
Laksana Wibawa Sdn Bhd	Serendah, Selangor	Manufacturing and trading of steel pipes and related products
MRPI Pipes Sdn Bhd	Klang, Selangor	Manufacturing and sales of HDPE Pipes & MDPE Pipes
Haluan Prisma Sdn Bhd	Bukit Jalil, Kuala Lumpur	Construction and project management
Logam Utara (M) Sdn Bhd	Klang, Selangor	Trading in scrap metal, ductile iron pipes and fittings

This Report contains the key business activities such as the manufacturing of ductile iron ("DI") pipes, mild steel ("MS") pipes, high-density polyethylene ("HDPE") pipes, and relevant fittings, as well as the construction, project management and trading of scrap metal. There was no significant change to the Group's operations and business nature during the reporting year. Unless specific reference is made in this Report, the abovementioned scope is applicable to all sustainability matter as disclosed in this Report.

SUSTAINABILITY STATEMENT

REPORTING PERIOD AND SCOPE (CONT'D)

The overview of the scope, reporting period and the Group's key business operations and subsidiaries are presented below:-



This statement is prepared based on the Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia Securities Berhad ("Bursa") - fundamental guidance to the Group in ensuring its material economic, environmental and social ("EES") matters are being identified, measured, and adequately communicated to our stakeholders. This report shall be read by interested parties together with the Management Discussion and Analysis ("MD&A") disclosed under our annual report which delineates the Group's financial and operational performance for the reporting year.

FEEDBACK

This statement can be found and downloaded in our official website, under the section of Annual Report. We value your comments and recommendation for improvements over our sustainability performance or reporting framework. As such, we welcome any inquiries and suggestions to be directed to our corporate email, at corporate@yli.com.my, or send us a message on contact us page.

GOVERNANCE STRUCTURE

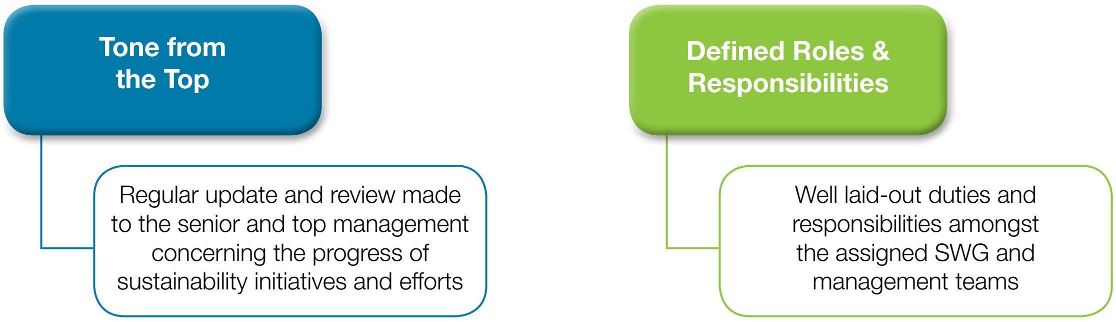
The sustainability governance at YLI underlines the Group's commitment to take the key sustainability matters as integral parts of any strategic or business decision and planning. The Group would always ensure efficient and practical implementation sustainability practices across the key business operations to generate a positive business outcome that would benefit the local EES ecosystem as a whole.

In general, the Board of Directors ("the Board") is primarily responsible for the Group's sustainability practices and performance. On the other hand, the Group Managing Director ("GMD") is tasked to develop relevant strategies and plans to ensure all key aspects of the Group's business activities are in line with the direction stipulated by the Board. Besides, the GMD is also responsible to ensure sufficient resources are being allocated to impose the necessary sustainability initiatives and strategic plans. At present, the GMD is supported by Sustainability Working Group ("SWG" or "WG") which is a dedicated committee that prioritises the relevant sustainability strategies, including the integration of sustainability considerations into the Company's operations.

SUSTAINABILITY STATEMENT

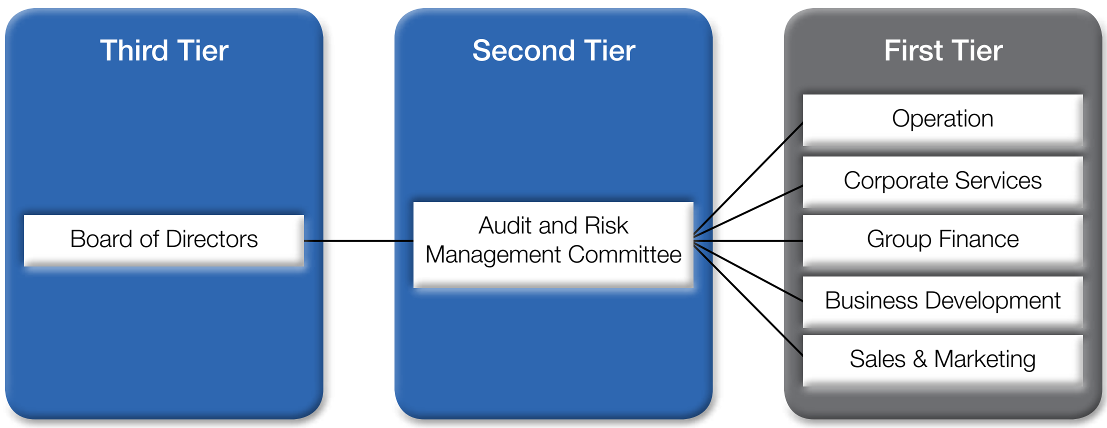
GOVERNANCE STRUCTURE (CONT'D)

Summarily, the SWG has taken the following key criteria into consideration prior to establishing an effective governance structure to oversee the sustainability matter:-



The SWG would be meeting at least once in the corresponding financial year to assess and make subtle and rightful sustainability initiatives for business improvement purpose. For the financial year of 2023, the SWG meeting was held on 19 June 2023 to review the relevant data and information that necessitate the preparation of this Report, including the review and confirmation of governance structure, stakeholder's engagement analysis, prioritisation of sustainability matters, and other matters disclosed under this Report.

Conclusively, the Group's sustainability governance structure can be outlined in the following diagram:-



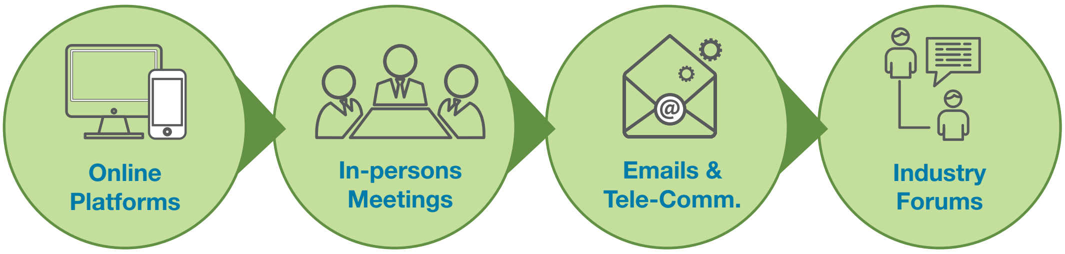
OUR ENGAGEMENT WITH THE STAKEHOLDERS

We believe in transparency and throughout our business operations we are always open to engage and communicate with all levels of stakeholders. We constantly engage with our stakeholders to build strong relationships, with the Group's core values spearheading the team to conduct the businesses with utmost integrity and fairness. The Group engages its stakeholders through various means of communication. On an annual basis, we would engage with our key stakeholders on issues which are material to the Group's business activities and operations as a whole. While engaging with our stakeholders, we pursue various approaches to enable them to understand our business operations and seek their feedback and input on several matters relevant to them.

SUSTAINABILITY STATEMENT

OUR ENGAGEMENT WITH THE STAKEHOLDERS (CONT'D)

As different stakeholders may possess different expectations towards the Group, we are committed to maintain a variety of communication channels for our stakeholders to raise their concerns to us in a transparent and effective manner. The types of communication channels are inclusive of the following:-



Upon the key stakeholders' assessment conducted by the SWG, we have identified our stakeholders who include our customers and dealers, our employees, our suppliers, our local communities as well as the government agencies, authorities and regulators. A summary of our key stakeholders, including how we engage with them, frequency of engagement and the key focus areas of the engagement, is as follows:

Types of Stakeholders	Engagement Methods	Frequency
Customers	• Meetings / Discussions • Press release / Announcements • Customer service practices • Contract negotiations • Corporate website	• Ongoing • Ad-hoc • Ongoing • Ad-hoc • Ongoing
Employees	• Meetings / Discussions • Annual performance review • Grievances / Whistleblowing procedures • Dialogue session	• Ongoing • Annually • Ad-hoc • Ad-hoc
Shareholders	• Annual General Meeting • Annual report • Quarterly announcements / Reports • Press release • Corporate website	• Annually • Annually • Quarterly • Ad-hoc • Ongoing
Government / Regulatory Bodies	• Report submissions • Audits / Inspection Visits • Meetings / Discussions • Press release / Announcements • Contract negotiations • Corporate website	• Ongoing • Ad-hoc • Ongoing • Ad-hoc • Ad-hoc • Ad-hoc
Suppliers / Vendors	• Meetings / Discussions • Performance evaluations • Contract negotiations • Vendor registrations	• Ongoing • Annually • Ad-hoc • Ad-hoc
Public / Local Communities	• Press release • Corporate website	• Ad-hoc • Ongoing

IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS

The materiality assessment process entails members of the SWG identifying key sustainability matters relevant to the Group's business and strategies, followed by rating-based assessment on the identified key sustainability matters. Besides, we would also consider how the sustainability matter affects the Group's long-term business plans and values, the financial and non-financial impact to the business activities and the level of concern raised by the relevant stakeholders. By definition extracted from Bursa's Sustainability Reporting Guide (2nd Edition), sustainability matters are deemed material under two (2) considerations - when a matter has great influence over the judgement and decisions of a stakeholder, and when a matter shows substantial EES impacts to the Group's value chain.

SUSTAINABILITY **STATEMENT**

IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS (CONT'D)

Summarily, the Group applied the following methodologies and procedures in governing its materiality assessment:-

Step 1
- **Initiate yearly assessment** - WG initiates a review on preceding year's assessment and provide reasonable assurance to the Board that all identified matters remained impartial to the Group.

Step 2
- **Evaluate stakeholders prioritisation** - SWG to identify, evaluate and assign weightages of its key stakeholders based on their influence and interest.

Step 3
- **Identify and discuss new interests** - Dialogues with respective key functional divisions to determine any new matters that are deemed essential to the Group and its stakeholders.

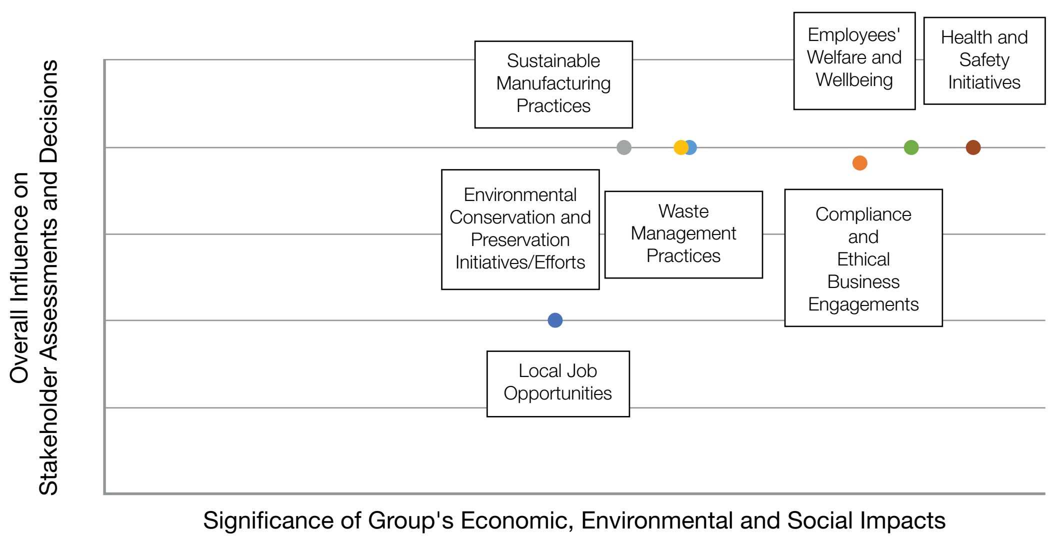
Step 4
- **Analyse and review materiality matrix** - Senior management to analyse the materiality level of each matter. Subsequently, the Board (or delegated personnel) to endorse on the results of the analysis, i.e., materiality matrix.

Step 5
- **Monitor and Manage Sustainability Matters** - All functional divisions are responsible to manage the sustainability matters, monitor its performance, and report to the Group when there are any rising matters that may effect the interests of the Group and its stakeholders.

In the reporting year of 2023, selective Head of Departments and key management personnel convened discussions and meetings to review and assess the applicability and relevance of identified key sustainability matters prior to adopting them into the Group's strategic decision making. The discussion included assessing the material sustainability matters in terms of their impact to both Group's businesses and stakeholders which were rated from low to high.

Each of the material sustainability matters was duly identified, assessed and rated accordingly by the SWG. Subsequent to aforesaid exercises, the key sustainability matters were then categorised into three aspects – economic, environmental and social. A total of seven (7) key sustainability matters were identified and assessed based on their impact to our stakeholders and to the business.

Materiality Assessment



SUSTAINABILITY STATEMENT

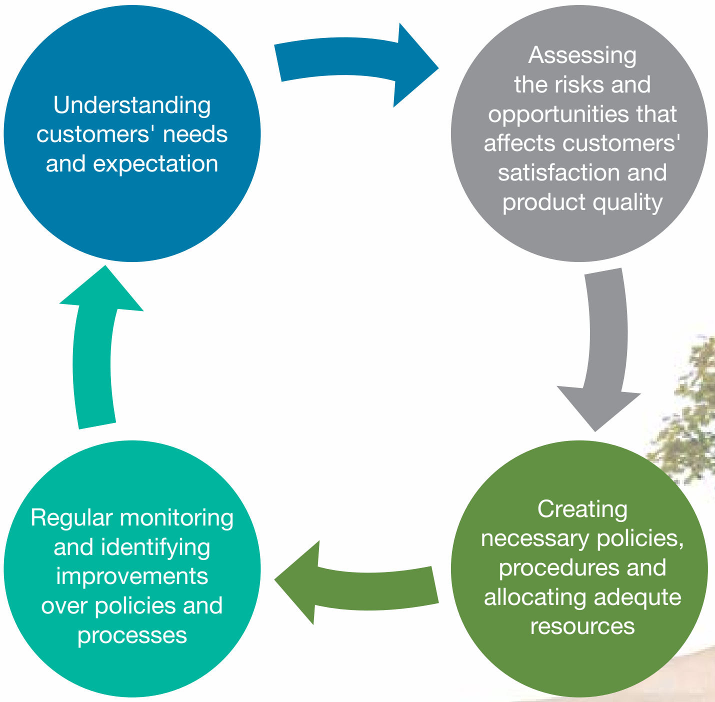
IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS (CONT'D)

Sustainable Manufacturing Practices

The Group's core values echo our commitment to become a timeless value creator. As the Group's revenue is largely generated from its manufacturing segment, it is imperative for the Group to continually embed sustainable manufacturing practices and initiatives to ensure the attainment of quality deliverables with optimised business running costs. The said aspiration is vital to generate respectful returns to our key stakeholders, including customers, suppliers and investors in both medium and long terms.

The quality of our deliverables would always be warranted by our dedicated management team. As part of the efforts in sustaining core businesses, our key subsidiaries that manufacture DI, MS and HDPE pipes and construction activities are accredited with ISO 9001:2015 - Quality Management System certification. The said certifications assured the output to our customers are with required standards and quality. The said efforts are also complemented by the Group's regular engagement with independent organisations to perform detailed inspection on the key production activities to ensure the consistency of our deliverables.

In general, the Group applies the following approaches in ensuring the product quality:-



In our pursuit of operational excellence, we had incurred a respectful amount of investment in achieving high productivity with consistent and high-quality products and services. Our operations and processes are translated into standard operating procedures to conform to ISO 9001:2015 Standard and relevant environmental rules and regulations. As our goal to remain competitive and relevant in the corresponding market, we relentlessly pursue operational excellence, optimising the conversion of capital inputs to outputs through optimising the operating cost and performance whilst maximising attainable quality production output.

SUSTAINABILITY STATEMENT

IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS (CONT'D)

Where practical and economically viable, we endeavour to promote and contribute to the local economy through our procurement activities. For the financial year of 2023, approximately 80% of the Group's direct material spending is attributable to purchases from local suppliers. While the priority is given to the local suppliers, the purchases would largely depend on the availability of materials and other relevant resources in the regions we operate in. Nevertheless, the Group strives to maintain a balance participation towards the local economy contributions in various ways, such as local sourcing and procurement of general goods and services.

More often than not, a thorough and precise suppliers' selection process would be adopted by the responsible management teams to ensure that only materials and services of quality are being sourced. At present, the management over the Group's suppliers and sub-contractors can be summarised as follows:-

Management of Suppliers		
Conduct of Due diligence to ensure the suppliers' competency level	Strict adherence to the Group's Standard Operating Procedures	Regular review of suppliers' performance

As of 31 March 2023, we have retained a total of 770 suppliers in our Approved Vendor Listing ("AVL"), and have conducted the annual supplier performance evaluation towards our key suppliers. In summary, the results of the overall evaluation are deemed satisfactory (>87% satisfactory level) to the requirement of the Group.

Compliance and Ethical Business Engagements

YLI and its management strive to adhere to the highest ethical standards in discharging responsibilities and continue to promote integrity and ethical conduct among employees in all aspects of the Group's business operations. Our Code of Ethics is our ethical handbook that all employees and external stakeholders must abide by in discharging both their duties and conducting business activities. This covers a wide range of ethical considerations, such as supplier responsibility, human rights, health and safety, environment, conflicts of interest, regulatory compliance, and confidentiality.

The governance structure of the Group is based on the Malaysian Code of Corporate Governance ("MCCG" or "the Code") whereby the Board of Directors, management and employees of the Group discharge their obligatory duties with clear accountabilities and responsibilities. Aside, we strongly believe in effective risk management to be embedded in our business operation to derive an accurate business process. We also take into account the risks arising from both environmental and social perspectives to have a balanced assessment of our business opportunities. Additionally, the Group places great level of emphasis on internal control by appointing an independent consultancy firm in conducting regular internal audit exercises.

Summarily, YLI underlying principles and practices include:-

- Clear, Accountabilities and Responsibilities
- Effective Risk Management
- Integrity and Transparency
- Internal Controls

Further details of our Corporate Governance practices are disclosed and reported in the Corporate Governance Statement of this Annual Report.

SUSTAINABILITY STATEMENT

IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS (CONT'D)

Compliance and Ethical Business Engagements (Cont'd)

The Group endeavours to practise high ethical standards and strict compliance with the relevant rules and regulations where we operate covering the following business routines:-

- Occupational Health & Safety
- Sales & Marketing
- Human Resource Practices
- Manufacturing Practices
- Environment
- Information System

During the reporting period, a compliance review was conducted by SIRIM QAS International and GH Certification Sdn Bhd for subsidiaries registered with manufacturing licenses of DI and MS pipes respectively. Apart from maintaining its ISO 9001: 2015 (Quality Management System) certification, the Group also engages with the appointed consultant in conducting quarterly internal audit to ensure all identified business risks are being addressed appropriately to minimise operational and financial losses to the Group whilst making sure the business dealings are handled in rightful manners.

The Group conducts all its business in an honest and ethical manner and takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Group is also committed in upholding all laws relevant to countering bribery and corruption in Malaysia and all other jurisdictions in which it operates. The said efforts could be confirmed by our introduction of Anti-Bribery and Corruption ("ABC") Policy which comprises relevant rules and regulations to deter any malpractices or misconduct within the Group. The ABC Policy of the Group specifies the following key rules:-

- YLI shall not offer or provide any forms of gratifications to any person associated with the Group for the purpose of gaining advantages over business dealings
- The employees are prohibited from offering or accepting any forms of gratifications from business associates with the intention of influencing a business decision
- YLI shall take appropriate actions against employees who engaged in any form of bribery and corruption activities
- YLI forbids any retaliation action to be taken against any person who report a misconduct in the Group in good faith
- YLI commits to perform reasonable due diligence to all employees and business associates prior or throughout their engagement with the Group
- YLI shall ensure adequate communication is performed to its employees and business associates concerning its stance on ABC activities
- YLI shall maintain and conduct regular review on its Anti-Bribery and Corruption Management System ("ABMS") to ensure the practices remain relevant and effective

In the month of March 2023, the Group had conducted briefing sessions to its management as a mean to create awareness on the amended MACC Act to cultivate a zero-bribery and corruption culture. As of 31 March 2023, the Group had not received any whistleblowing report.

SUSTAINABILITY **STATEMENT**

IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS (CONT'D)

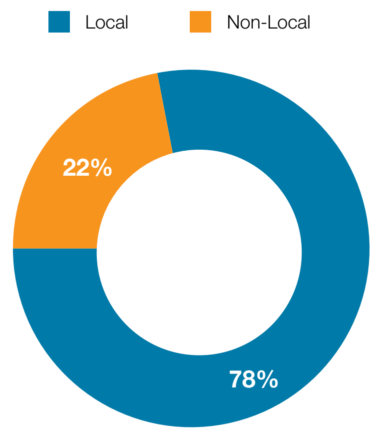
Local Job Opportunities

During the reporting year, despite the challenges of world economy uncertainties, the Group endeavours to make contributions to the overall economy by creating job opportunities to the local communities. All open positions are advertised in the job market with priority given to employing local talents.

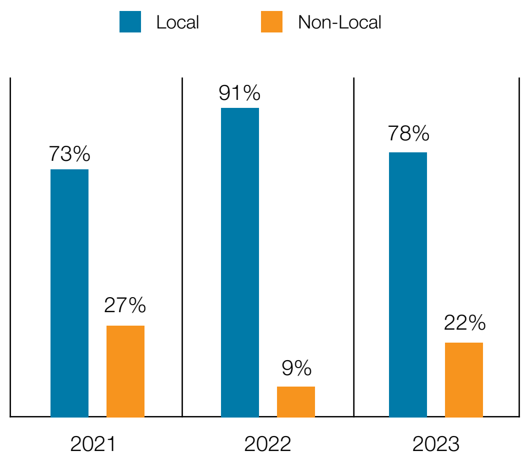
i. Local Employment

During the reporting period, the Group had provided job opportunities in variety of fields such as production, human resource and administration. The Group had posted more than 47 job advertisements via relevant job portals. As of 31 March 2023, we have a total workforce of 268, of which 78 % are local employees. The employment ratio between local and non-local workforce can be illustrated as follows:-

LOCAL EMPLOYMENT RATE AS AT 31.3.2023



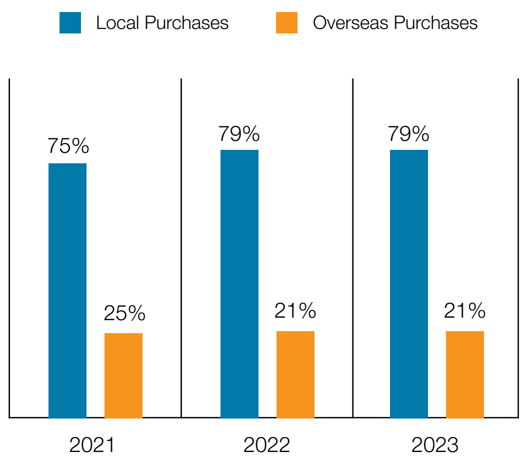
% OF LOCAL AND NON-LOCAL LABOUR FROM 2021-2023



ii. Sourcing Locally

The Group is committed to prioritising the engagement of local service providers to support the major business operations including the maintenance of machine tools and scrap metal. Amidst the on-going Covid-19 pandemic, the Group believes that the focus on local sourcing would bring greater stability and economic value to its supply chain. During the reporting period, the Group had spent approximately RM 73 million on direct purchases, of which RM 58 million were incurred locally.

GROUP PURCHASES 2021-2023



SUSTAINABILITY STATEMENT

IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS (CONT'D)

Waste Management Practices

Minimising the impact towards the environment is our core principle with the Group's waste management approach. We acknowledge the adoption of proper waste management, specifically on scheduled waste, is vital to protect our workplace and health and safety. The Group's operational processes incorporate policies and procedures for proper and safe handling, management, and disposal of scheduled waste which are guided by applicable laws, regulations, and industry codes and standards. As part of the Group's initiatives, we adopt active waste sorting and separation where appropriate to enable better recoverability and recyclability. In addition, the Group had also adopted a Department of Environment ("DOE")'s Electronic Scheduled Waste Information System ("ESWIS") to ensure that the waste management approach is in line with the Group's objective in preserving the natural environment, as well as ascertaining the compliance of relevant environmental rules and regulations.

In general, the assigned waste management teams are responsible for overseeing waste management activities at their respective operating sites, ensuring they comply with our policies and procedures, as well as applicable laws and regulations. The following schedule wastes would be collected and kept in designated waste areas to ensure proper storage and safety of the employees:-

Schedule Waste Code	Description
SW104	Dust, slag, dross or ash containing aluminium, arsenic mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory
SW204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium
SW305	Spent lubricating oil
SW306	Spent hydraulic oil
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes
SW410	Rags, plastics, papers or filters contaminated with scheduled wastes
SW417	Waste of inks, paints, pigments, lacquer, dye or varnish

At the present, the storage of scheduled wastes are limited to the permitted capacity of maximum 20 tonnes. As of 31 March 2023, the Group did not exceed the permitted capacity of maximum of 20 tonnes of the scheduled waste storage.

All scheduled wastes would be managed by relevant subject matter experts including the melting furnaces and zinc coating performances. For the financial year of 2023, there were 4 non-compliance cases or incidents pertaining to the breach of environment regulatory requirement, none of which had significant environmental or financial impacts. Nevertheless, the Group had rectified the issues by undertaking appropriate actions in strengthening the waste management process.

Towards operational excellence, the Group is resolved in conserving the environment by improving engineering properties in the iron pipe i.e. its tensile strength, elongation and solidity and in the ductile iron pipe manufacturing processes. The said efforts would enable the Group to reduce all potential technical failures. Aside from that, the ductile iron pipe would possess higher mechanical properties that may last up to 50 years in useful life, thus bringing least impact to the overall environment.

For our construction sites, we have appointed qualified waste management contractor to collect the construction and domestic wastes on a regular basis. We have also adopted modular construction system – an Industrialised Building System ("IBS"), integrated blockwork, and metal frame with the aim to minimise timber waste that is associated with the formwork fabricated by plywood and dimensional timber. The said IBS also assist the management in overseeing the overall building cost and quality.

Summarily, the Group's perseverance of efforts can be observed via its strict compliance with the Environmental Quality Act 1974 and Environmental Quality (Scheduled Waste) Regulation 2005. The Group would continue to adopt sustainable and environmentally conscious manufacturing processes, as well as promoting employees' awareness on waste we generate.

SUSTAINABILITY STATEMENT

Environmental Conservation and Preservation Initiatives / Efforts

Preservation Initiatives

We recognise the importance of reducing our carbon footprint, enhancing energy efficiency as well as reducing waste while carrying our business operations. It is our goal to develop our internal strategies, policies, and processes that will ensure continued improvements in key business areas as well as full compliance with environmental regulations. We are also improving our supply chain screening process to ensure compliance with social and environmental standards. The Group preserves its self-regulation initiatives – Guided Self-Regulation ("GSR") to ensure the compliance of relevant rules and regulations, whilst minimising any harmful impact to the environment driven by the Group's business activities. In addition, our DOE would be conducting regular environmental preservation awareness sessions to provide relevant guiding principle in managing risks and hazards relevant to business operations.

The Group's environmental policies are under the purview of Environmental Regulatory Compliance Monitoring Committee ("ERCMC"), which is responsible in monitoring the environmental regulatory compliance. Our Environmental Performance Monitored Committee ("EPMC"), is responsible in assessing ESG initiatives against the performance targets set by the GMD. The aforesaid evaluation criteria are crafted and maintained in conjunction with the Environmental Quality Act 1974 and the prevailing guidelines.

We acknowledge that manufacturing industries possess the highest potential of pollution risks. As such, we are conscious of this challenge and views the prevention of pollution seriously when carrying out our business activities. To this end, we have implemented comprehensive monitoring activities to ensure compliance with all local and international environmental standards. As part of the Group's long-term commitment towards the environmental preservation, we seek to minimise the Group's pollution risk for our manufacturing activities by leveraging our subject matter experts to monitor the key parameters of the surrounding environment to ensure strict compliance with the standards set by the DOE. Moreover, the Group also takes the initiative to place proper dust bag filters around the plants to prevent the release of harmful pollutants during the production runs. The Group also engaged third party to perform a Stack Emission Monitoring Test for all the dust collections during the reporting year, with the aim to ensure all relevant machines and equipment are operating in accordance to our needs and the regulated limit.

Summarily, an annual budget of RM100,000 was allocated to upkeep and maintain the Group's pollution control activities.

Environmental Conservation Efforts

As always, our management team will be monitoring the Group's waste management processes with the main objective of mitigating the impact of waste on the environment through the reduction, reuse, recycle and disposal hierarchy of waste management. The Group is observing the following key strategies in conserving the environment:-

Awareness of general safety rules

Minimizing unnecessary production and general wastes

Constant checks on hazardous or dangerous chemicals

Proper waste disposal management

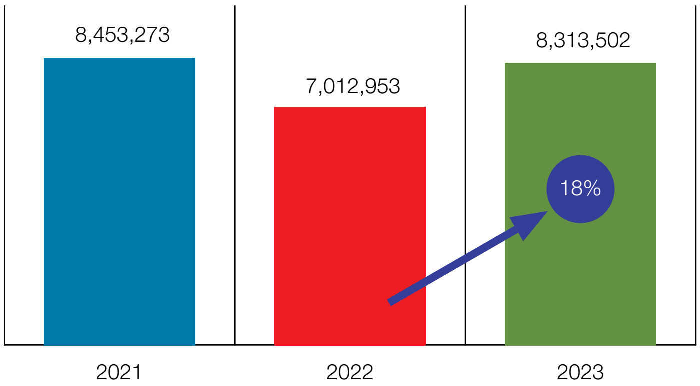
SUSTAINABILITY STATEMENT

Environmental Conservation and Preservation Initiatives / Efforts (Cont'd)

Environmental Conservation Efforts (Cont'd)

In financial year 2023, there was an 18% increase in energy consumption in our operations compared to financial year 2022. This increase was primarily driven by the normal operations after temporary shutdown of our plants due to mandatory Movement Control Order (MCO) in financial year 2022 and the implementation of Imbalance Cost Pass-Through ("ICPT") on the additional electricity surcharge imposed which we foresee that the ICPT would continue to affect the increase in electricity expenses from 1 January 2023 onwards. Nevertheless, we are also pursuing our on-going energy-efficiency initiatives such as the continuous maintenance of equipment, equipment and process optimisation, and by investing in more energy-efficient equipment. Our management team also keeps a closer look on the energy consumption rate at the relevant factories to ensure the Kilowatt per Hour (kWh) is minimised with reduced Maximum Demand (MD) charges, whilst productivity levels are optimised. The energy consumption over the past 3 years can be seen as follows:-

ELECTRICITY EXPENSES 2021 - 2023



Health and Safety Initiatives

Covid-19 Response

As we foresee that the Covid-19 pandemic would continue to affect the health and wellbeing of society, we continue to enforce relevant strict prevention measures in compliance with local guidelines, including but not limited to the following:

- Safety meetings in discussing and addressing Covid-19 prevention measure and cases;
- Covid-19 tests for contractors and or visitors whenever it is deemed necessary:
- Regular disinfection at factory and office floors;
- Covid-19 RTK test and quarantine for Covid-19 positive employees prior to returning to work;
- Provision of masks to all employees daily;
- Proper handling of used masks and Covid-19 test kits (collected and disposed as clinical waste); and
- Where possible, office staff are encouraged to conduct business meetings and discussions online.

Occupational, Health and Safety

While maintaining a safe and healthy working environment helps to protect our stakeholders, it also provides a conducive working and productive environment for our valued employees. In YLI, our relevant health and safety policies depicts not only our commitment towards providing a safe and healthy working environment, but also the priority the Group places upon the required training programmes to be provided to the employees. Our business operations are governed by the principles and guidelines as contained within the said policies as well. Besides ensuring a robust management system to continually manage the Group's occupational health and safety matters, we also encourage our employees to be participative in our discussions and meetings which concern the health and safety of the employees.

SUSTAINABILITY STATEMENT

Health and Safety Initiatives (Cont'd)

Occupational, Health and Safety (Cont'd)

At present, the environment, health and safety management at workplace is headed by the Environment, Health and Safety Committee ("EHS Committee") which is made up of representatives from both the management and the employees in compliance with Environmental Quality Act 1974, Occupational Safety and Health Act 1994, and Factories & Machinery Act 1967, guided by the Safety and Health Policy established by the EHS Committee. The committee, helmed by a senior management personal, is responsible for overseeing and monitoring on a daily basis the site's health and safety management. It is also responsible for the risk assessment and management, compliance matters, audits and investigations, receiving and addressing complaints and grievances, and ensuring the implementation of action plans and initiatives concerning the site's health and safety matters.

It is important for everyone to be aware of their own health and safety. As such, the Group has employed a Qualified Safety and Health Officer ("SH Officer") to administer and upkeep the relevant safety and health measures which are aimed at enhancing the overall safety level of the employees, whilst fostering decent conducts amongst the employees at the workplace. Additionally, relevant awareness programmes for safety and health are also scheduled and implemented to enhance the competence level amongst the stakeholders to uphold the safety and health during the executions of their respective duties and responsibilities. The Group also provide healthcare benefits and ensure all employees have access to healthcare services. Our regular health services include health screenings, and access to medical treatment from panel clinics.

The types of training programmes which provided to the employees can be exemplified as follows:-

Tailor-Made Training
Job nature and routines specificity

General Safety & Health Training
Continuous training, education and awareness creation

During the reporting year, there was only 1 recorded accident which was a commuting accident category as prescribed under Employment Injury Scheme by Pertubuhan Keselamatan Sosial (PERKESO) with minor injury and the Group has undertaken appropriate actions to ensure the employee was treated and covered under PERKESO Employment Injury Scheme (EIS) . Moreover, the Group is committed to continuously increase its communication efforts including training, and signages that had also been placed to remind and train employees to be more cautious about their own health and safety. For the financial year ended 31 March 2023, the number of health and safety related incidents can be exemplified as follows:-

2021
6 incidents

2022
4 incidents

2023
1 incident

Despite such challenges which are common in the industry and current economic conditions, the Group is committed to place utmost priority towards the health and safety of the employees.

SUSTAINABILITY STATEMENT

Employees' Welfare and Wellbeing

The wellbeing of our valued employees is the source of intellectual and human capital of the Group, where we nurture talents, skills, and experience which necessitate the growth and development of the Group. We strive to take good care of our employees, build a conducive working environment that promotes career satisfaction, fair remuneration and personal development. The Group also acknowledges that dedicated staff is the bedrock to its success. It is the staff's collective commitment that will continue to drive YLI to attain the objective of sustainable growth in our long-term plan.

The Group ensures competitive compensation and employee benefits. We would review the packages of remunerations and benefits on an annual basis considering, amongst others, industry benchmark and market conditions. Besides, our employees are provided with insurance and other benefits on top of medical insurance and social security insurance as required by law. In the meantime, the operators and non-executives are represented by Metal Industry Employees' Union whereby a collective bargaining agreement are reviewed by the said union every three years.

The Group remains focused on talent development and continuously provides a platform for employees to continue building their capabilities and learning experience. Training programmes are identified based on business strategies and operational needs, meeting regulatory requirements and ensuring the development of technical, inter-personal, business and management skills of our people. In financial year 2023, the types of training programmes as attended by the employees consisted of the following:-

Internal & External Training Programmes

- Scheduled Waste Management
- Updates of HR Laws and Accounting Standards
- Machinery and Equipment handling
- Safety Transformation
- Environmental Awareness
- Construction Industry Practices

Notwithstanding the highlighted initiatives and efforts we place upon our employees, the Group also embraces all aspects of diversity within its workforce including gender, age, backgrounds and experience. We do not discriminate between gender for position and we hire candidates who are best fitted for the job.

Section III
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE ("MCCG")

The Board of Directors of YLI Holdings Berhad ("YLI") wishes to present this statement to its shareholders and stakeholders with an overview of YLI's application of the Malaysian Code on Corporate Governance ("MCCG") practices for the financial year ended 31 March 2023.

The meaningful explanation of how the Company applied each of the MCCG's practices including its explanations and alternative practices for any departure of the MCCG practices are described in detail in the Corporate Governance ("CG") Report, which is published at our corporate website at www.yli.com.my.

The Board of YLI recognises the importance of adopting good corporate governance in its efforts to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

As such, the Board fully supports all the practices as set out in the MCCG, by applying the best corporate governance standard through the company's structures, systems, processes and development of a corporate governance culture and environment, and by implementing almost all of the practices in substance to achieve the intended outcomes of building and supporting a strong corporate governance culture throughout the company.

In line with this commitment, the Board has continuously reviewed and where appropriate, taken the necessary steps to implement all the practices of the MCCG and to provide a fair and meaningful disclosure on the company's corporate governance practices.

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

Principle A - Board Leadership and Effectiveness

The Board Charter has been revised to align with the spirit and the Intended Outcome of the MCCG, in the following areas:

i. Separation of positions of Chairman and Managing Director;
ii. Responsibilities of the Chairman;
iii. Board composition to have at least half of Independent and Non-Executive Directors ("INED");
iv. Duties and responsibilities of Board, Board Committees, Managing Director, Senior Independent Director and Company Secretaries;
v. Review and oversee sustainability strategies, priorities and targets; and
vi. Board Meeting Administration.

The revised Board Charter is available in our corporate website at www.yli.com.my.

The current composition of the Board comprises five (5) Directors, of whom three (3) are Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Chairman and one (1) Executive Director. The current Board composition complies with the best practice of having at least half of the Board comprising independent Directors.

During the financial year ended 31 March 2023, four (4) Board Meetings were held. Details of the attendance of Directors at the Board Meetings are as follows:-

	Board of Directors' Meeting		May' 22	Aug' 22	Nov' 22	Feb' 23	
	Directors	Position	Attendance				Total
1	Dato' Haji Samsuri Bin Rahmat	Non-Executive Chairman	•	•	•	•	4/4
2	Seah Heng Chin	Managing Director	•	•	•	•	4/4
3	Dr Abdul Latif Bin Shaikh Mohamed	Director	•	•	•	•	4/4
4	Datuk Haji Jalaludin Bin Haji Ibrahim	Director	•	•	•	•	4/4
5	Tan Sri Dato' Academician Ir (Dr) Ahmad Zaidee Laidin *(retired on 30 August 2022)*	Director	•	-	-	-	1/1
6	Hew Kam Mooi *(appointed on 31 May 2022)*	Director	-	•	•	•	3/3

Based on the above, all Directors have completed with the minimum of 50% attendance requirement in respect of Board Meetings as stipulated in Para 15.05 of the Bursa Securities Main Market Listing Requirements. The Board is satisfied with the level of commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out above. All the Directors had attended the Directors' Mandatory Accreditation Programme ("MAP") - Part 1. The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (CONT'D)

Principle A - Board Leadership and Effectiveness (Cont'd)

All Directors of the Company do not hold more than 5 directorships in listed issuers under paragraph 15.06 of the Main Market Listing Requirements.

During the financial year ended 31 March 2023, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Directors	Types of training
Dato' Haji Samsuri Bin Rahmat Seah Heng Chin Dr Abdul Latif Bin Shaikh Mohamed Datuk Haji Jalaludin Bin Haji Ibrahim Hew Kam Mooi	Value of Enterprise Risk Management in Strategic Planning

The Board through the Nomination Committee periodically reviews its required mix of skills and experience and other qualities, including core competencies that Non-Executive Directors should bring to the Board. The Nomination Committee will carry out its duties and responsibilities as set out in its Terms of Reference which can be viewed on the Company's website. The Nomination Committee will convene its meeting at least once a year and they may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. Through its Chairman, the Nomination Committee reports to the Board on matters discussed at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the Nomination Committee.

In accordance with the Company's Constitution, an election of Directors shall take place each year. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Newly appointed Directors shall hold office only until the next Annual General Meeting ("AGM") and shall be eligible for re-election.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment and annual assessment on the independence of the independent directors. The Nomination Committee assessed and was satisfied and made recommendations to the Board for their re-election with regards to the re-election of the Directors, namely Mr Seah Heng Chin and Datuk Haji Jalaludin Bin Haji Ibrahim who are due for retirement but shall be eligible for re-election at the forthcoming AGM to be held on 28 August 2023.

During the financial year ended 31 March 2023, the Nomination Committee held two (2) meetings and carried out the following activities in the discharge of its functions and duties:-

(1) Assessed the Board and Board Committees and contributions of each Director.
(2) Reviewed the structure, size, balance, diversity, composition and effectiveness of the Board and Committees.
(3) Reviewed and recommended to the Board for re-election of the Directors who retired under the Constitution.
(4) Assessed the independence of Independent Directors.
(5) Reviewed the terms of office and performance of the Audit and Risk Management Committee and each of its Members.
(6) Reviewed the Terms of Reference of Nomination Committee.
(7) Reviewed and recommended the appointment of Director and Company Secretary.
(8) Reviewed the Directors' Fit and Proper Policy.
(9) Conducted the annual assessment of the Company Secretary.
(10) Reviewed the training needs of the Directors.
(11) Reviewed and recommended the re-appointment of Operations Director in MRPI Pipes Sdn Bhd.

At present, the Company adopts a gender diversity policy which encapsulates the objectives, principles and measures of the Group's diversity standpoint. In summary, the Board is supportive in upholding gender diversity within the boardroom and the Management alongside due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates. Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (CONT'D)

Principle A - Board Leadership and Effectiveness (Cont'd)

The Board has formalised a Whistleblowing Policy, with the aims to promote a workplace conducive to open communication regarding the Group's business practices. The Whistleblowing Policy provides a mechanism for stakeholders of the Group (such as employees), people performing services for the Group (such as contractors and service providers), members of the public who are natural persons, not being incorporated or unincorporated bodies, to raise genuine concerns, channel their complaints or to provide information on wrongdoings and improper conduct which may adversely impact the Group.

The Board has implemented Anti-Bribery and Anti-Corruption Policy to regulate inappropriate behaviour, such as acts of corruption in line to Practice 3.1 of the MCCG.

The Gender Diversity Policy, the Code of Conduct for Directors, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy have been established and published on the Company's website www.yli.com.my.

The Board together with Senior Management, takes responsibility for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets. The Board shall promote sustainability within the aspects of environment, social, governance and economy. The Board acknowledges that the environmental, social and governance aspects of sustainability as key elements in formulation of its objectives and strategies. The Group also recognizes the need to safeguard and develop the workforce, strengthen stakeholders' relationship and protect the interest of shareholders which are detailed out under the Sustainability Statement.

The Remuneration Committee recommends to the Board for approval the remuneration package of Directors. The remuneration system takes into account individual performance, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The Board has in place a Directors Remuneration Policy to determine the remuneration of Directors and Senior Management. The policy is periodically reviewed and made available on the Company's website at www.yli.com.my.

To enable stakeholders to assess whether the remuneration of Directors commensurate with their individual performance, the detailed disclosure on named basis for the remuneration of Directors for the financial year ended 31 March 2023 is disclosed below:-

	Director's Fee (RM)	Salary and Other Emoluments (RM)	Contribution to Defined Contribution Plans (RM)	Benefit-in-Kind (RM)
Dato' Haji Samsuri Bin Rahmat	31,000	65,000	-	11,104
Seah Heng Chin	42,000	508,038	76,206	9,900
Tan Sri Dato' Academician Ir (Dr) Ahmad Zaidee Bin Laidin	2,500	12,000	-	-
Dr Abdul Latif Bin Shaikh Mohamed	6,000	34,000	-	-
Datuk Haji Jalaludin Bin Haji Ibrahim	6,000	29,000	-	-
Hew Kam Mooi	5,000	23,000	-	-
Total	**92,500**	**671,038**	**76,206**	**21,004**

However, the Board departed from Practice 8.2 by only disclosing the top five Senior Management's remuneration in bands of RM50,000 and without named basis. The Board chooses a more general alternative disclosure of the Senior Management's remuneration in order to allay valid concerns on invasion of staff confidentiality and the Company's ability to retain right talented Senior Management in view of the competitive employment environment of the Group's business.

The top 5 Senior Management's remuneration in bands of RM50,000 are disclosed as follows:-

Top 5 senior management	Number of Senior Management
RM100,001 – RM150,000	1
RM150,001 – RM200,000	2
RM200,001 – RM250,000	0
RM250,001 – RM300,000	1
RM300,001 – RM350,000	1

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (CONT'D)

Principle B - Effective Audit and Risk Management

YLI has an effective and independent Audit and Risk Management Committee. As the Chairman of the Audit and Risk Management Committee is not the Chairman of the Board, all members of the Audit and Risk Management Committee are independent non-executive Directors and all members are financially literate and possess a wide range of necessary skills to discharge their duties. The Audit and Risk Management Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Management Committee. The Audit and Risk Management Committee has assessed the suitability, objectivity and independence of the External Auditors.

The Terms of Reference of the Audit and Risk Management Committee has also been revised to take cognisance of the new MCCG practices and is published in our corporate website at www.yli.com.my.

The Board has established an effective risk management and internal control framework to safeguard the Group's business interests from risk events that may impede the achievement of its business strategies and growth opportunities besides providing reasonable assurance to all stakeholders that internal controls are effective.

The Group's internal audit function ("IAF") is outsourced to a professional accounting and consulting firm, BDO Governance Advisory Sdn Bhd ("BDO") that adopts internal audit standards and best practices based on the International Professional Practices Framework ("IPPF") endorsed by the Institute of Internal Auditors Malaysia ("IIAM"). The IAF team is headed by an Executive Director – Advisory who is an Associate Chartered Management Accountant and a member of the IIAM and is assisted by two (2) staff which includes a manager.

BDO is sufficiently resourced to provide the services that meet with the Group's required service level in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems. All personnel deployed by BDO are free from any relationships or conflicts of interest, which could impair their objectivity and independence during their course of work. The Internal Auditors report directly to the Chairman of the Audit and Risk Management Committee.

Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

YLI always keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

At the previous AGM of the Company held on 30 August 2022, the Company has conducted its AGM fully virtual and all the Directors, the External Auditors and shareholders participated the meeting remotely.

In line with good corporate governance practice, YLI had issued the Notice of its 27th AGM and Annual Report to the shareholders more than 28 days before the AGM. Each item of special business included in the notice of meeting is accompanied by explanation to facilitate an understanding of the proposed resolution so as to enable shareholders to make informed voting decisions at the AGM. The voting at the AGM was conducted though remote participation voting facilities. The outcome of AGM was announced to Bursa Malaysia Securities Berhad immediately and the proceedings of the AGM were subsequently uploaded to the Company's website. The minutes of the AGM recording of the general meeting will be made available at the Company's website within 30 business days after the conclusion of the AGM.

The Company maintains a website, www.yli.com.my that allows the shareholders, investors and members of the public to gain access to information and new events relating to the Group.

The Company does not fall within the definition of large company and hence the adoption of integrated reporting is not applicable to the Company.

COMPLIANCE WITH THE MCCG

The Board is of the opinion that the Group had complied with the spirit and objectives of the MCCG. Although, there are departures from several practices as recommended in the MCCG, the Board believes that there are justifiable reasons for the departures and that the overall corporate governance of the Group is not compromised. Nevertheless, YLI will continue to strengthen its governance practices to safeguard the best interest of its shareholders and other stakeholders.

This Corporate Governance Overview Statement was approved by the Board on 31 May 2023.

ADDITIONAL **COMPLIANCE INFORMATION**

During the financial year:

a) **Utilisation of proceeds from corporate proposals**
No proceeds were raised by the Company from any corporate proposal.

b) **Material contracts**
There were no material contracts of the Company and its subsidiaries involving Directors' and/or major shareholders' interests.

c) **Recurrent Related Party Transactions of Revenue And Trading Nature ("RRPT")**
The Company did not enter into any RRPT.

d) **Conviction for offences**
None of the Directors has been convicted for offences within the past five (5) years other than traffic offences.

e) **Audit and Non-Audit Fees**
The amount of audit fee and non-audit fee paid or payable to the External Auditors and its affiliates by the Company and the Group for the financial year ended 31 March 2023 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	177,000	61,000
Non-Audit Fees	16,050	5,000

The non-audit fees were in respect of review of Statement of Risk Management and Internal Control as well as tax services.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

Chairman

Dr Abdul Latif Bin Shaikh Mohamed
Independent Non-Executive Director

Members

Datuk Haji Jalaludin Bin Haji Ibrahim
Independent Non-Executive Director

Hew Kam Mooi
Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the Audit and Risk Management Committee ("ARMC") can be viewed in the Board Charter in the Company's website at www.yli.com.my.

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS

For the financial year ended 31 March 2023, four (4) ARMC meetings were held.

The attendance of each member is set out below:

		May '22	Aug '22	Nov '22	Feb '23	
Committee Members	**Position**	**Attendance**				**Total**
Dr Abdul Latif Bin Shaikh Mohamed	Chairman	•	•	•	•	4/4
Datuk Haji Jalaludin Bin Haji Ibrahim	Member	•	•	•	•	4/4
Tan Sri Dato' Academician Ir (Dr) Ahmad Zaidee Bin Laidin *(retired as a Director on 30 August 2022)*	Member	•	-	-	-	1/1
Hew Kam Mooi *(appointed as member on 31 May 2022)*	Member	-	•	•	•	3/3

Total number of meetings held: 4

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC in discharging their duties and functions in accordance with their Terms of Reference had carried out their works during the financial year ended 31 March 2023 as follows:-

1. The ARMC had ensured that the quarterly results of YLI Group complied with the Malaysian Financial Reporting Standard ("MFRS") and paragraph 9.22 of MMLR. The quarterly financial results for the 4th quarter ended 31 March 2022, 1st quarter ended 30 June 2022, 2nd quarter ended 30 September 2022 and 3rd quarter ended 31 December 2022 were reviewed by the ARMC at their meetings held on 30 May 2022, 30 August 2022, 30 November 2022 and 27 February 2023.

2. At the ARMC Meeting held on 30 May 2022, the ARMC discussed with the External Auditors their Audit Review Memorandum. The ARMC received the Internal Control Review Report on Conversion and Production processes of Laksana Wibawa Sdn Bhd. The ARMC also reviewed the Statement on Risk Management and Internal Control and the ARMC Report and recommended to the Board for approval and for inclusion in the 2022 Annual Report. The ARMC also recommended the External Auditors to be re-appointed at the annual general meeting of the Company to be held in 2022. The ARMC also reviewed the Terms of Reference of the ARMC. The ARMC reviewed the Business Plan and Budget for Financial Year Ended 31 March 2023 and recommended the same to the Board.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

3. At the ARMC meeting held on 30 August 2022, the ARMC received the report on the Internal Control Review on Sales to Receipt of MRPI Pipes Sdn Bhd from the Internal Auditors.

4. At the ARMC meeting held on 30 November 2022, the ARMC received the report on the Internal Control Review on Inventory Management for Yew Lean Foundry & Co Sdn Bhd from the Internal Auditors. The ARMC also reviewed the revised Business Plan for Financial Year Ended 31 March 2023 and recommended the same to the Board.

5. At the ARMC meeting held on 27 February 2023, the ARMC received the External Audit Plan for the year ending 31 March 2023 from the External Auditors. The ARMC received the report on the Internal Control Review on Inventory Management by Laksana Wibawa Sdn Bhd. The existing Anti-Bribery and Corruption Policy was tabled for discussion and it remained status quo.

6. At each quarterly meeting, the ARMC discussed whether there were any related party transactions and conflicts of interest situation that may arise within the Group and asserted that there were no related party transactions for the year ended 31 March 2023.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function has been outsourced since June 2008. The total costs incurred for internal audit amounted to RM62,854.00 for the year ended 31 March 2023.

The Group's internal audit activities are mainly carried out in accordance with the annual audit plan and selected ad-hoc audits on Management's requests. The Internal Auditors adopted risk-based approach and focuses on financial, operational, compliance with applicable laws and assesses the adequacy of internal controls as well as the effectiveness of risk management framework for key operating companies within the Group. The representative of the Internal Auditors reports directly to the ARMC and assists the ARMC to monitor and manage risks and provide the ARMC with independent views on the effectiveness of the system of internal control after their reviews. The internal audit findings and recommendations of the Internal Auditors are reviewed quarterly by the ARMC and their recommendations for improvements on control and minutes of ARMC meetings are circulated to the Board.

The Internal Auditors carried out their duties during the financial year ended 31 March 2023 in accordance with their Internal Audit Plan and a summary of their activities are as follows:-

(a) On 30 May 2022, the Internal Auditors presented to the ARMC their Internal Control Review Report on Conversion and Production processes of Laksana Wibawa Sdn Bhd.

(b) On 30 August 2022, the Internal Auditors presented to the ARMC their report on Internal Control Review on MRPI Pipes Sdn Bhd - Sales to Receipt.

(c) On 30 November 2022, the Internal Auditors presented to the ARMC the Internal Control Review Report on Inventory Management for Yew Lean Foundry & Co Sdn Bhd.

(d) On 27 February 2023, the Internal Auditors briefed the ARMC on the findings in respect of their scope of review on Inventory Management by Laksana Wibawa Sdn Bhd.

(e) At each quarterly meeting, the Internal Auditor updated the ARMC on the status of all previous audit findings that had been followed-up, implemented or in-progress.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2017 requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

Guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers, the Board of Director of YLI Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's systems of risk management and internal control for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of risk management and internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of this statement. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the said Guidance in respect of risk management and internal control.

RISK MANAGEMENT

The Board and the management practice proactive significant risks identification in the processes and activities of the Group, particularly in major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a tolerance level acceptable by the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent professional accounting and consulting firm, BDO Governance Advisory Sdn Bhd as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place. The audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the Internal Auditors report to the Audit Committee on areas for improvement. The highlighted areas will be followed up closely to determine the extent of their recommendations that have been implemented by the management.

The Group's risk management and internal control system covered key operating companies within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to review and improvement when needed;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Quarterly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

WHISTLE BLOWING POLICY

A Whistle Blowing Policy for the Group has been adopted effective 23 February 2012. The policy is built into the Group's culture, abhorrence for fraud, and aims to provide broad principles and strategy for the Group to adopt in relation to fraud in order to promote high standard of integrity. It also promotes a transparent and open environment for fraud reporting within the Group. The Policy reaffirms the Board's commitment to safeguard those who report in good faith against any form of reprisal.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2023 Annual Report. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and 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.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is this Statement factually inaccurate.

CONCLUSION

The Board has received assurance from Group Managing Director that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this statement. Taking this assurance into consideration, the Board is of the view that there were no significant weaknesses in the current systems of risk management and internal control of the Group that may have material impact on the operations of the Group for the financial year ended 31 March 2023. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and risk management.

This statement is issued in accordance with a resolution of the Directors dated 31 May 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

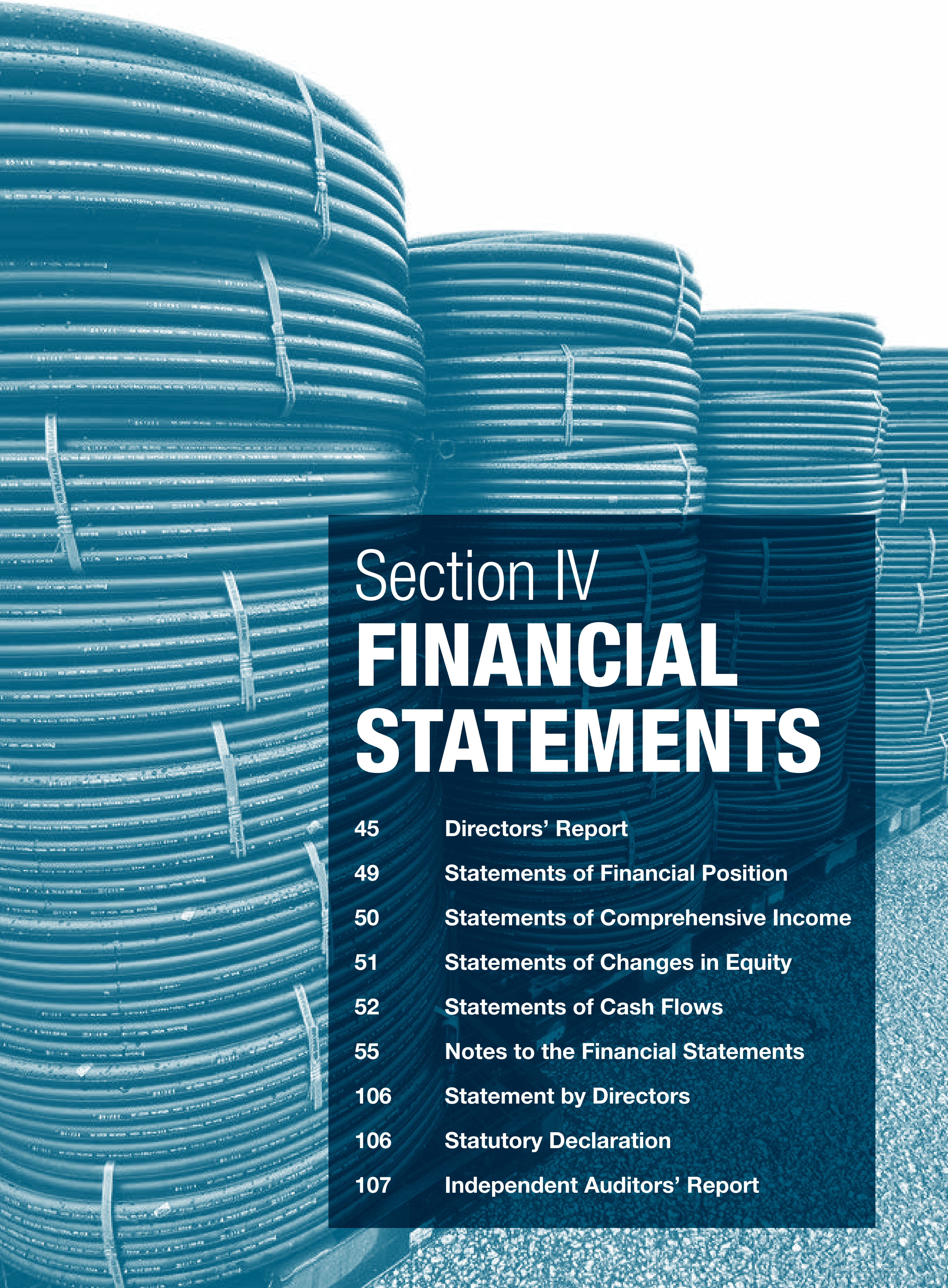
In Respect of Annual Audited Financial Statements

The Directors are required by the Companies Act 2016 ("CA") to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Standards (IFRSs) and the requirements of the CA in Malaysia. The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates where applicable that are prudent, just and reasonable; and
- prepared the financial statements on a going concern basis.

The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



Section IV

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterworks related products, construction work and project management for waterworks and sewerage industry and trading in scrap metal. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(Loss) for the financial year	1,853	(430)
Attributable to:		
Owners of the Company	3,391	(430)
Non-controlling interests	(1,538)	-
	1,853	(430)

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 2023.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 values as shown in the accounting records of the Group and of the Company had 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 of the Group and of the Company misleading.

DIRECTORS' REPORT

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 method 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:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors, no contingent or other liability of the Group or 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 will or may affect the ability of the Group or of the Company to meet their obligations as and 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The Auditors' remuneration of the Group and of the Company during the financial year were RM177,000 and RM61,000 respectively.

The Company has agreed to indemnify the Auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures was made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

The number of treasury shares held at the end of the financial year was 121,000 (2022: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2022: RM107,620).

As at 31 March 2023, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2022: 102,829,873) shares.

DIRECTORS' REPORT

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Haji Samsuri Bin Rahmat *	
Seah Heng Chin *	
Dr Abdul Latif Bin Shaikh Mohamed	
Datuk Haji Jalaludin Bin Haji Ibrahim	
Hew Kam Mooi	(Appointed on 31 May 2022)
Tan Sri Dato' Academician Ir (Dr) Ahmad Zaidee Bin Laidin	(Retired on 30 August 2022)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the Directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Haji Ruzlan Bin Rahmat	
Aidil Bin Abdul Aziz	
Hong Gaik Im	
Mohd Rashidi Bin Rawi @ Mohd Rawi	
Mohd Khair Mat Saman	(Appointed on 3 October 2022)
Abdul Jalil Bin Md Khir	(Appointed on 28 June 2023)
Radin Muhd Nur Amri Bin Radin Abd Khalim	(Resigned on 4 October 2022)
Dr Zainuddin Bin Othman	(Resigned on 28 June 2023)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	NUMBER OF ORDINARY SHARES			
	AT 1 APRIL 2022 '000	BOUGHT '000	SOLD '000	AT 31 MARCH 2023 '000
The Company				
Deemed Interest:				
Dato' Haji Samsuri Bin Rahmat *	32,510	-	-	**32,510**
Seah Heng Chin *	32,510	-	-	**32,510**

* Deemed interest in YLI Holdings Berhad ("YLI") by virtue of their substantial shareholding in Suasana Karisma Sdn. Bhd.

Other than as stated above, none of the other Directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the Directors as shown below) 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.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the 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.

DIRECTORS' REPORT

DIRECTORS' BENEFITS (CONT'D)

The Directors' benefits are as follows:-

	GROUP RM'000	COMPANY RM'000
Directors of the Company		
Fees	93	43
Other emolument	671	163
Defined contribution plans	76	-
Estimated money value of benefits-in-kind	21	-
Insurance effected to indemnify Directors	17	17
	878	223
Directors of subsidiaries		
Other emolument	165	-
Defined contribution plans	13	-
	1,056	223

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the Directors and officers of the Company were RM5,000,000 and RM16,626 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

The available Auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year is disclosed in Note 30 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year is disclosed in Note 31 to the financial statements.

AUDITORS

The Auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' HAJI SAMSURI BIN RAHMAT
Director

SEAH HENG CHIN
Director

Date: 10 July 2023

STATEMENTS OF **FINANCIAL POSITION**
as at 31 March 2023

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**68,077**	72,971	**-**	-
Investment in subsidiaries	6	**-**	-	**67,085**	67,494
Total non-current assets		**68,077**	72,971	**67,085**	67,494
Current assets					
Inventories	7	**79,000**	66,985	**-**	-
Current tax assets		**478**	458	**10**	9
Trade and other receivables	8	**19,624**	28,438	**58**	58
Contract assets	9	**7,076**	7,311	**-**	-
Cash and short-term deposits	10	**17,303**	10,263	**11**	17
Total current assets		**123,481**	113,455	**79**	84
TOTAL ASSETS		**191,558**	186,426	**67,164**	67,578
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	**110,159**	110,159	**110,159**	110,159
Treasury shares	12	**(108)**	(108)	**(108)**	(108)
Other reserves	13	**(1,467)**	(1,467)	**(1,467)**	(1,467)
Retained earnings/(Accumulated losses)		**10,900**	7,509	**(41,541)**	(41,111)
		119,484	116,093	**67,043**	67,473
Non-controlling interests		**(13,889)**	(12,351)	**-**	-
TOTAL EQUITY		**105,595**	103,742	**67,043**	67,473
Non-current liabilities					
Deferred tax liabilities	14	**757**	767	**-**	-
Loans and borrowings	15	**114**	255	**-**	-
Total non-current liabilities		**871**	1,022	**-**	-
Current liabilities					
Trade and other payables	16	**39,705**	34,585	**121**	105
Contract liabilities	9	**323**	47	**-**	-
Loans and borrowings	15	**45,064**	47,030	**-**	-
Total current liabilities		**85,092**	81,662	**121**	105
TOTAL LIABILITIES		**85,963**	82,684	**121**	105
TOTAL EQUITY AND LIABILITIES		**191,558**	186,426	**67,164**	67,578

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

STATEMENTS OF **COMPREHENSIVE INCOME**

for the financial year ended 31 March 2023

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Revenue	17	**75,446**	83,849	**110**	110
Cost of sales		**(76,281)**	(79,517)	**-**	-
Gross (loss)/profit		**(835)**	4,332	**110**	110
Other income		**15,130**	229	**-**	3
Selling and distribution expenses		**(1,315)**	(1,626)	**-**	-
Administrative expenses		**(7,396)**	(7,619)	**(540)**	(733)
Net of impairment losses on financial instruments and contract assets		**(13)**	(7)	**-**	-
Operating profit/(loss)		**5,571**	(4,691)	**(430)**	(620)
Finance costs	18	**(2,306)**	(2,139)	**-**	-
Finance income	19	**108**	138	**-**	-
Profit/(Loss) before tax	20	**3,373**	(6,692)	**(430)**	(620)
Tax expense	22	**(1,520)**	(9)	**-**	-
Profit/(Loss) for the financial year, representing the total comprehensive income/(loss) for the financial year		**1,853**	(6,701)	**(430)**	(620)
Profit/(Loss) attributable to:					
Owners of the Company		**3,391**	(5,143)	**(430)**	(620)
Non-controlling interests		**(1,538)**	(1,558)	**-**	-
		1,853	(6,701)	**(430)**	(620)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**3,391**	(5,143)	**(430)**	(620)
Non-controlling interests		**(1,538)**	(1,558)	**-**	-
		1,853	(6,701)	**(430)**	(620)
Earnings/(Loss) per share attributable to owners of the Company (sen):					
- Basic	23	**3.30**	(5.00)		
- Diluted	23	**3.30**	(5.00)		

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

STATEMENTS OF **CHANGES IN EQUITY**
for the financial year ended 31 March 2023

GROUP	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	RETAINED EARNINGS RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2021	110,159	(108)	(1,467)	12,652	121,236	(10,793)	110,443
Total comprehensive loss for the financial year	-	-	-	(5,143)	(5,143)	(1,558)	(6,701)
At 31 March 2022	110,159	(108)	(1,467)	7,509	116,093	(12,351)	103,742
Total comprehensive Income/(loss) for the financial year	-	-	-	3,391	3,391	(1,538)	1,853
At 31 March 2023	**110,159**	**(108)**	**(1,467)**	**10,900**	**119,484**	**(13,889)**	**105,595**

COMPANY	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 April 2021	110,159	(108)	(1,467)	(40,491)	68,093
Total comprehensive loss for the financial year	-	-	-	(620)	(620)
At 31 March 2022	110,159	(108)	(1,467)	(41,111)	67,473
Total comprehensive loss for the financial year	-	-	-	(430)	(430)
At 31 March 2023	**110,159**	**(108)**	**(1,467)**	**(41,541)**	**67,043**

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

STATEMENTS OF **CASH FLOWS**
for the financial year ended 31 March 2023

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		**3,373**	(6,692)	**(430)**	(620)
Adjustments for:					
Bad debts written off		**-**	166	**-**	-
Depreciation of property, plant and equipment		**3,671**	3,440	**-**	-
Gain on disposal of property, plant and equipment		**(15,000)**	(90)	**-**	-
Impairment loss on trade and other receivables		**-**	285	**-**	-
Impairment loss on contract assets		**454**	45	**-**	-
Inventories written down		**67**	-	**-**	-
Impairment loss on property, plant and equipment		**30**	70	**-**	-
Interest income		**(108)**	(138)	**-**	-
Interest expense		**2,306**	2,139	**-**	-
Reversal of impairment loss on trade and other receivables		**(467)**	(323)	**-**	-
Property, plant and equipment written off		**1**	19	**-**	-
Unrealised (gain)/loss on foreign exchange		**(12)**	12	**-**	-
Operating loss before changes in working capital		**(5,685)**	(1,067)	**(430)**	(620)
Changes in working capital:					
Inventories		**(12,082)**	(10,482)	**-**	-
Trade and other receivables		**9,282**	14,330	**-**	2
Contract assets		**(219)**	1,580	**-**	-
Trade and other payables		**5,131**	(4,422)	**16**	(7)
Contract liabilities		**276**	(1,142)	**-**	-
Net cash used in operations		**(3,297)**	(1,203)	**(414)**	(625)
Tax refunded		**13**	-	**-**	-
Tax paid		**(1,563)**	(54)	**(1)**	(1)
Interest paid		**(2,306)**	(2,139)	**-**	-
Interest received		**108**	138	**-**	-
Net cash used in operating activities		**(7,045)**	(3,258)	**(415)**	(626)
Cash flows from investing activities					
Repayment from subsidiaries		**-**	-	**409**	439
Purchase of property, plant and equipment	(b)	**(1,050)**	(1,476)	**-**	-
Proceeds from disposal of property, plant and equipment		**17,311**	265	**-**	-
Net cash from/(used in) investing activities		**16,261**	(1,211)	**409**	439

STATEMENTS OF CASH FLOWS
for the financial year ended 31 March 2023 (Cont'd)

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Cash flows from financing activities	(c)				
Drawdown of short-term borrowing		**10,609**	5,843	**-**	-
Repayment of short-term borrowing		**(12,086)**	(6,784)	**-**	-
Repayment of lease liabilities		**(101)**	(28)	**-**	-
Repayment of hire purchase		**(179)**	(391)	**-**	-
Net withdrawal of deposits pledged for credit facilities		**701**	2,185	**-**	-
Net cash (used in)/from financing activities		**(1,056)**	825	**-**	-
Net increase/(decrease) in cash and cash equivalents		**8,160**	(3,644)	**(6)**	(187)
Cash and cash equivalents at the beginning of the financial year		**1,719**	5,363	**17**	204
Cash and cash equivalents at the end of the financial year	(a)	**9,879**	1,719	**11**	17

(a) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Short-term deposits	10	**14,079**	5,308	**-**	-
Cash and bank balances	10	**3,224**	4,955	**11**	17
		17,303	10,263	**11**	17
Less: Fixed deposits pledged for credit facilities		**(2,188)**	(2,889)	**-**	-
Deposits with maturity periods more than 3 months		**(800)**	(800)	**-**	-
Bank overdrafts	15	**(4,436)**	(4,855)	**-**	-
		9,879	1,719	**11**	17

(i) The short-term deposits of the Group bear effective interest at rates ranging from 1.60% to 4.00% (2022: 1.40% to 3.20%) per annum and mature within 1 month to 12 months (2022: 1 month to 12 months).

(ii) Included in deposits with licensed banks and bank balances are fixed deposits and sinking fund which are pledged as security for financing facilities amounting to RM2,187,607 and RM1,354,009 (2022: RM2,640,462 and RM248,352) respectively.

Sinking fund is related to memorandum deposit of upfront fixed deposits of RM200,000 and memorandum of deposit over sinking fund to be built up by 5% from each proceeds received up to maximum of RM2.5 million or until end of the facility tenure in relation to the Islamic trade facilities financed by a financial institution.

(iii) The deposits placed with licensed banks for the maturity period more than 3 months bear interest rates of 2.20% (2022: 2.20%) per annum and having a maturity period of 12 months (2022: 12 months).

STATEMENTS OF CASH FLOWS
for the financial year ended 31 March 2023 (Cont'd)

(b) Purchase of property, plant and equipment:

	GROUP	
	2023 RM'000	2022 RM'000
Additions of property, plant and equipment	**1,119**	1,654
Less: Financed by lease liabilities arrangement	**(69)**	(178)
	1,050	1,476

During the financial year, the Group had total cash outflows for leases of RM534,740 (2022: RM724,497).

(c) Reconciliation of liabilities arising from financing activities:

	1 APRIL 2022 RM'000	CASH FLOWS RM'000	NON-CASH ACQUISITION RM'000	31 MARCH 2023 RM'000
Group				
Lease liabilities	150	(101)	69	**118**
Hire purchase payables	372	(179)	-	**193**
Short-term borrowings	41,908	(1,477)	-	**40,431**
	42,430	(1,757)	69	**40,742**

	1 APRIL 2021 RM'000	CASH FLOWS RM'000	NON-CASH ACQUISITION RM'000	31 MARCH 2022 RM'000
Group				
Lease liabilities	-	(28)	178	150
Hire purchase payables	763	(391)	-	372
Short-term borrowings	42,849	(941)	-	41,908
	43,612	(1,360)	178	42,430

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

1. CORPORATE INFORMATION

YLI Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45, Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan. The principal place of the business of the Company is located at 2579, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Penang.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterworks related products, construction work and project management for waterworks and sewerage industry and trading in scrap metal. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 July 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 1	First time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agrilculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd):

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Cont'd)		
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#/ 1January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#/ 1January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Cont'd)

Amendments to MFRS 101 Presentation of Financial Statements (Cont'd)

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

(c) The initial application of the above applicable new MRFS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior years financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in Note 3 to the financial statements.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method of accounting except for those business combinations which were accounted for using merger method of accounting. Three subsidiaries (i.e. Laksana Wibawa Sdn. Bhd., Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd.) are consolidated using acquisition method of accounting, the rest of the subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interest represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interest even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b) to the financial statements.

Contribution to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(i) Financial assets (Cont'd)

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(i) Financial assets (Cont'd)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour and any other direct attributable costs but excludes internal profits.

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Capital work in progress are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rates:

Land and buildings	2% - 4.5%
Renovation	10% - 20%
Plant, machinery, tools and equipment	5% - 20%
Furniture and fittings	5% - 20%
Office and other equipment	8% - 33.3%
Motor vehicles	10% - 20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 5 to the financial statements and lease liabilities in Note 15 to the financial statements.

<u>Right-of-use asset</u>

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

<u>Lease liability</u>

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 and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(c) Lessor accounting (Cont'd)

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.7 Inventories

Trading inventories, finished goods, inventories-in-transit, work-in-progress and raw materials are stated at the lower of cost determined on the first-in first-out basis and net realisable value.

Cost of finished goods and work-in-progress includes cost of raw materials, direct labour and a proportion of manufacturing overheads (based on normal operating capacity). It excludes borrowing costs. Cost of trading inventories, raw materials, inventories-in-transit and stores and spares includes the original purchase price and the incidental cost of bringing the inventories to their present locations and conditions.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.9 Cash and cash equivalents

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

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.11 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE **FINANCIAL STATEMENTS**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Share capital (Cont'd)

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.12 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.14 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue and other income (Cont'd)

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract, or forms a part of the existing contracts.

<u>Financing components</u>

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods

Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

(b) Construction contracts

The Group constructs assets under long-term contracts with customers. Construction service contract comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the assets is transferred over time as the Group creates or enhances an asset that the customer controls as the assets is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of a performance obligation is determined by the proportion of construction cost incurred for work performed to date bear to the estimated total construction costs (an input method).

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue and other income (Cont'd)

Financing components (Cont'd)

(b) Construction contracts (Cont'd)

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of properties based on achieving a series of performance-related milestones.

The Group recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing of billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers, then the Group recognises a contract liability for the difference.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(d) Dividend income

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

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Management fees

Management fees are recognised over time as services are rendered using an output method based on time elapsed to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company.

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income tax

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

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income tax (Cont'd)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

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

3.17 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.19 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Impairment of trade receivables and contract assets

The impairment provisions for trade receivables and contract assets are based on assumptions about risk of default and expected loss rate ("ECL"). The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group individually assessed to calculate ECL for trade receivables. The individually assessed ECL may be based on indicators such as changes in financial capability of the receivables, and default or significant delay in payments.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lifes of the trade receivables and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's trade receivables and contract assets are disclosed in Note 24(b)(i) to the financial statements.

4.2 Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The Group writes down their obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 7 to the financial statements.

4.3 Impairment of property, plant and equipment and investment in subsidiaries

The Group and the Company assess impairment of property, plant and equipment and investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.3 Impairment of property, plant and equipment and investment in subsidiaries (Cont'd)

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group and the Company use their judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of the property, plant and equipment and investment in subsidiaries are disclosed in Notes 5 and 6 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP 2023	LAND AND BUILDINGS RM'000	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM'000	FURNITURE AND FITTINGS RM'000	OFFICE AND OTHER EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK IN PROGRESS RM'000	RIGHT-OF-USE ASSETS RM'000	TOTAL RM'000
Cost								
At 1 April 2022	9,922	124,724	875	1,441	2,808	12,627	64,131	216,528
Additions	113	893	-	44	-	-	69	1,119
Disposals	(2,334)	-	-	-	-	-	-	(2,334)
Written off	-	-	-	(1)	-	-	-	(1)
Derecognition of lease upon expiry	-	-	-	-	-	-	(244)	(244)
Reclassification	-	-	-	-	2,227	-	(2,227)	-
At 31 March 2023	**7,701**	**125,617**	**875**	**1,484**	**5,035**	**12,627**	**61,729**	**215,068**
Accumulated depreciation								
At 1 April 2022	3,125	107,165	638	1,189	2,556	-	26,830	141,503
Depreciation charge for the financial year	86	1,956	53	78	40	-	1,458	3,671
Disposals	(23)	-	-	-	-	-	-	(23)
Derecognition of lease upon expiry	-	-	-	-	-	-	(244)	(244)
Reclassification	-	-	-	-	1,581	-	(1,581)	-
At 31 March 2023	**3,188**	**109,121**	**691**	**1,267**	**4,177**	**-**	**26,463**	**144,907**
Accumulated impairment loss								
At 1 April 2022	-	-	-	-	-	2,054	-	2,054
Charge for the financial year	-	-	-	-	-	30	-	30
At 31 March 2023	**-**	**-**	**-**	**-**	**-**	**2,084**	**-**	**2,084**
Carrying amount								
At 31 March 2023	**4,513**	**16,496**	**184**	**217**	**858**	**10,543**	**35,266**	**68,077**

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP 2022	LAND AND BUILDINGS RM'000	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM'000	FURNITURE AND FITTINGS RM'000	OFFICE AND OTHER EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK IN PROGRESS RM'000	RIGHT-OF-USE ASSETS RM'000	TOTAL RM'000
Cost								
At 1 April 2021	9,833	126,624	865	1,378	2,808	12,627	64,327	218,462
Additions	89	1,314	10	63	-	-	178	1,654
Disposals	-	(3,155)	-	-	-	-	(374)	(3,529)
Written off	-	(59)	-	-	-	-	-	(59)
At 31 March 2022	9,922	124,724	875	1,441	2,808	12,627	64,131	216,528
Accumulated depreciation								
At 1 April 2021	3,045	108,479	590	1,142	2,515	-	25,686	141,457
Depreciation charge for the financial year	80	1,830	48	47	41	-	1,394	3,440
Disposals	-	(3,104)	-	-	-	-	(250)	(3,354)
Written off	-	(40)	-	-	-	-	-	(40)
At 31 March 2022	3,125	107,165	638	1,189	2,556	-	26,830	141,503
Accumulated impairment loss								
At 1 April 2021	-	-	-	-	-	1,984	-	1,984
Charge for the financial year	-	-	-	-	-	70	-	70
At 31 March 2022	-	-	-	-	-	2,054	-	2,054
Carrying amount								
At 31 March 2022	6,797	17,559	237	252	252	10,573	37,301	72,971

Analysis of land and buildings:

GROUP 2023	FREEHOLD LAND RM'000	BUILDINGS ON FREEHOLD LAND RM'000	RENOVATION RM'000	TOTAL RM'000
Cost				
At 1 April 2022	5,717	867	3,338	9,922
Additions	-	-	113	113
Disposals	(2,235)	-	(99)	(2,334)
At 31 March 2023	**3,482**	**867**	**3,352**	**7,701**
Accumulated depreciation				
At 1 April 2022	-	328	2,797	3,125
Depreciation charge for the financial year	-	19	67	86
Disposals	-	-	(23)	(23)
At 31 March 2023	**-**	**347**	**2,841**	**3,188**
Carrying amount				
At 31 March 2023	**3,482**	**520**	**511**	**4,513**

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Analysis of land and buildings (Cont'd):

GROUP 2022	FREEHOLD LAND RM'000	BUILDINGS ON FREEHOLD LAND RM'000	RENOVATION RM'000	TOTAL RM'000
Cost				
At 1 April 2021	5,717	867	3,249	9,833
Additions	-	-	89	89
At 31 March 2022	5,717	867	3,338	9,922
Accumulated depreciation				
At 1 April 2021	-	310	2,735	3,045
Depreciation charge for the financial year	-	18	62	80
At 31 March 2022	-	328	2,797	3,125
Carrying amount				
At 31 March 2022	5,717	539	541	6,797

(a) Assets pledged as security

The carrying amount of assets pledged as security for borrowings of a subsidiary (Note 15) are as follows:

	GROUP 2023 RM'000	2022 RM'000
Right-of-use assets - Buildings on leasehold land	**11,650**	12,101
Right-of-use assets - Leasehold land	**6,601**	6,739
Freehold land	**1,417**	1,417
	19,668	20,257

Motor vehicles with carrying amount of RM647,321 (2022: RM728,236) have been pledged as security for hire purchase arrangement as disclosed in Note 15(b).

(b) Capital work in progress

During the financial year, an impairment loss of RM30,000 (2022: RM70,000) was recognised in the profit or loss for the plant and machineries in progress. The Directors estimated the recoverable amount of the capital work in progress relates to construction of plant and machineries and factory building at RM6,700,000 and RM4,100,000 (2022: RM6,730,000 and RM4,100,000) respectively based on the fair value less costs of disposals of the assets, with reference to a valuation carried out by an independent professional valuer. The fair value estimate is within Level 3 of the fair value hierarchy. The key assumptions used in estimating the fair value are the replacement costs of the assets and the accrued depreciation for age and obsolescence.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Right-of-use assets ("ROU assets")

Information about leases for which the Group is lessees are presented below:

	GROUP			
	LAND RM'000	BUILDINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Carrying amount				
At 1 April 2021	13,469	24,231	941	38,641
Additions	-	178	-	178
Disposals	-	-	(124)	(124)
Depreciation charge for the financial year	(401)	(902)	(91)	(1,394)
At 31 March 2022	13,068	23,507	726	37,301
Additions	-	69	-	69
Depreciation charge for the financial year	(401)	(977)	(80)	(1,458)
Reclassification	-	-	(646)	(646)
At 31 March 2023	**12,667**	**22,599**	**-**	**35,266**

The leasehold land and buildings of the Group with net carrying amount of RM35,265,530 (2022: RM36,573,648) are for their office space and operation site. The Group's leasehold land and buildings with lease terms at a range from 2 to 99 years and the remaining lease terms range from 19 to 73 years.

6. INVESTMENT IN SUBSIDIARIES

	NOTE	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Invesment in subsidiaries, carried at cost		**72,309**	72,309
Loans that are part of net investments	(a)	**26,559**	26,968
Redeemable convertible preference share issued by a subsidiary	(b)	**20,400**	20,400
		119,268	119,677
Less: Accumulated impairment losses		**(52,183)**	(52,183)
		67,085	67,494

(a) Loans that are part of net investments represents amount owing by subsidiaries which is non-trade in nature, unsecured and interest free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

(b) Redeemable Convertible Preference Shares ("RCPS") issued by Laksana Wibawa Sdn. Bhd. do not carry the right to vote except on a proposal that affects rights, privileges or conditions of RCPS subscriber, proposal to wind up or during winding up of the issuer and during the period when the dividend is unpaid or partly paid. The RCPS carry a cumulative dividend of 4% per annum which is subject to the discretion of the issuer and the availability of distributable profits of the issuer. The RCPS are convertible to ordinary shares at the option of the issuer or the Company and redeemable at the option of the issuer on any date after the issuance of the RCPS.

NOTES TO THE **FINANCIAL STATEMENTS**

31 March 2023

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of subsidiaries are as follows:

NAME OF COMPANIES	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2023 %	OWNERSHIP INTEREST 2022 %	PRINCIPAL ACTIVITIES
Yew Lean Foundry & Co. Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and trading of ductile iron pipes, fittings and other related products
Yew Li Foundry & Co. Sdn. Bhd.	Malaysia	**100%**	100%	Trading of cast iron fittings, saddles and manhole covers and fabrication of pipes
Logam Utara (M) Sdn. Bhd.	Malaysia	**100%**	100%	Trading of all kinds of metal and non-metal waste and scrap, UPVC, ductile iron pipes and fittings, sanitary fittings and brass fittings
Yew Lean Industries Sdn. Bhd.	Malaysia	**100%**	100%	Marketing and distribution of pipes, accessories and related products. The company has ceased operation in 2007 and remain inactive
Laksana Wibawa Sdn. Bhd. *	Malaysia	**51%**	51%	Manufacturing and trading of steel pipes and related products
Haluan Prisma Sdn. Bhd.	Malaysia	**70%**	70%	Construction and project management
MRPI Pipes Sdn. Bhd.	Malaysia	**70%**	70%	Manufacturing and sales of HDPE Pipes & MDPE Pipes
Subsidiary of Yew Lean Foundry & Co. Sdn. Bhd.				
Zenith Eastern (M) Sdn. Bhd.	Malaysia	**100%**	100%	Property investment holding

* Audited by Auditors other than Baker Tilly Monteiro Heng PLT.

(d) **Non-controlling interest in subsidiaries**

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

NAME OF COMPANIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2023 %	OWNERSHIP INTEREST 2022 %
Laksana Wibawa Sdn. Bhd.	Malaysia	**49%**	49%
Haluan Prisma Sdn. Bhd.	Malaysia	**30%**	30%
MRPI Pipes Sdn. Bhd.	Malaysia	**30%**	30%

NOTES TO THE **FINANCIAL STATEMENTS**
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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) **Non-controlling interest in subsidiaries (Cont'd)**

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows (Cont'd):

Carrying amount of material non-controlling interests:

NAME OF COMPANIES	2023 RM'000	2022 RM'000
Laksana Wibawa Sdn. Bhd.	**(13,056)**	(11,999)
Haluan Prisma Sdn. Bhd.	**(1,034)**	(817)
MRPI Pipes Sdn. Bhd.	**201**	465
	(13,889)	(12,351)

Loss allocated to material non-controlling interests:

NAME OF COMPANIES	2023 RM'000	2022 RM'000
Laksana Wibawa Sdn. Bhd.	**(1,057)**	(1,191)
Haluan Prisma Sdn. Bhd.	**(217)**	(111)
MRPI Pipes Sdn. Bhd.	**(264)**	(256)
	(1,538)	(1,558)

(e) **Summarised financial information of material non-controlling interests**

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
Summarised statements of financial position			
As at 31 March 2023			
Non-current assets	**28,227**	**915**	**2,217**
Current assets	**14,398**	**9,370**	**3,258**
Non-current liabilities	**(321)**	**-**	**-**
Current liabilities	**(48,645)**	**(13,981)**	**(5,669)**
Net liabilities	**(6,341)**	**(3,696)**	**(194)**
Summarised statements of comprehensive income			
Financial year ended 31 March 2023			
Revenue	**9,412**	**10**	**1,275**
Loss for the financial year	**(2,157)**	**(725)**	**(880)**
Total comprehensive loss	**(2,157)**	**(725)**	**(880)**
Summarised cash flow information			
Financial year ended 31 March 2023			
Cash flow from/(used in):			
- operating activities	**289**	**(881)**	**608**
- investing activities	**(41)**	**740**	**(17)**
- financing activities	**43**	**-**	**(286)**
Net increase/(decrease) in cash and cash equivalents	**291**	**(141)**	**305**

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) **Summarised financial information of material non-controlling interests (Cont'd)**

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows (Cont'd):

	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
Summarised statements of financial position			
As at 31 March 2022			
Non-current assets	28,856	946	2,373
Current assets	13,772	12,488	3,692
Non-current liabilities	(326)	-	(62)
Current liabilities	(46,455)	(16,323)	(5,250)
Net (liabilities)/assets	(4,153)	(2,889)	753
Summarised statements of comprehensive income			
Financial year ended 31 March 2022			
Revenue	13,840	-	3,151
Loss for the financial year	(2,430)	(370)	(855)
Total comprehensive loss	(2,430)	(370)	(855)
Summarised cash flow information			
Financial year ended 31 March 2022			
Cash flows (used in)/from:			
- operating activities	(1,227)	4,059	488
- investing activities	(62)	(12)	(81)
- financing activities	31	(4,025)	(749)
Net (decrease)/increase in cash and cash equivalents	(1,258)	22	(342)
Dividend paid to non-controlling interests	-	-	-

7. INVENTORIES

	GROUP 2023 RM'000	GROUP 2022 RM'000
At cost or net realisable value:		
Raw materials	**10,538**	8,854
Work in progress	**13,370**	11,663
Finished goods	**55,092**	46,468
	79,000	66,985

(a) During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group was RM76,280,539 (2022: RM79,516,789).

(b) The cost of inventories of the Group recognised as other expenses during the year in respect of write-down of inventories to net realisable value was RM67,384 (2022: Nil).

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8. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Trade				
Trade receivables	**20,155**	30,033	**-**	-
Less: Allowance for impairment	**(4,019)**	(4,998)	**-**	-
	16,136	25,035	**-**	-
Non-trade				
Other receivables	**208**	196	**55**	55
Less: Allowance for impairment	**(3)**	(3)	**-**	-
	205	193	**55**	55
Deposits	**769**	893	**3**	3
GST refundable	**1,613**	1,643	**-**	-
Advance payment to suppliers	**124**	58	**-**	-
Prepayments	**777**	616	**-**	-
	3,488	3,403	**58**	58
Total trade and other receivables	**19,624**	28,438	**58**	58

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 1 to 90 days (2022: 1 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	GROUP	
	2023 RM'000	2022 RM'000
At 1 April 2022/2021	**4,998**	5,623
Charge for the financial year	**-**	285
Reversal of impairment losses	**(467)**	(317)
Written off	**(512)**	(593)
At 31 March	**4,019**	4,998

The information about the credit exposures are disclosed in Note 24(b) to the financial statements.

(b) The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	GROUP	
	2023 RM'000	2022 RM'000
At 1 April 2022/2021	**3**	9
Reversal of impairment losses	**-**	(6)
At 31 March	**3**	3

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

9. CONTRACT ASSETS/(LIABILITIES)

	GROUP 2023 RM'000	GROUP 2022 RM'000
Contract assets relating to construction services contracts	**7,076**	7,311
Total contract assets	**7,076**	7,311
Contract liabilities relating to construction services contracts	**(47)**	(47)
Contract liabilities relating to sales contracts	**(276)**	-
Total contract liabilities	**(323)**	(47)
Net balance	**6,753**	7,264

Significant changes in contract balances

	2023 CONTRACT ASSETS INCREASE/ (DECREASED) RM'000	2023 CONTRACT LIABILITIES (INCREASE)/ DECREASED RM'000	2022 CONTRACT ASSETS INCREASE/ (DECREASED) RM'000	2022 CONTRACT LIABILITIES (INCREASE)/ DECREASED RM'000
Transfer from contract assets recognised at the beginning of the period to receivables	**219**	**-**	(1,570)	-
Revenue recognised that was included in contract liability at the beginning of the financial year	**-**	**-**	-	1,132
Increase due to consideration received from customers, but revenue not recognised	**-**	**(276)**	-	-
Impairment losses of contract assets	**(454)**	**-**	(45)	-

Contract assets that are impaired

The Company's contract assets that are impaired at the reporting date and the reconciliation of movement in the impairment of contract assets is as follows:

	GROUP 2023 RM'000	GROUP 2022 RM'000
At 1 April	**45**	-
Charge for the financial year	**454**	45
At 31 March	**499**	45

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

10. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	**3,224**	4,955	**11**	17
Short-term deposits	**14,079**	5,308	**-**	-
	17,303	10,263	**11**	17

11. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	2023 UNIT ('000)	2022 UNIT ('000)	2023 RM'000	2022 RM'000
Issued and fully paid up (no par value):				
At 1 April 2022/2021/31 March	**102,951**	102,951	**110,159**	110,159

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

12. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

There were no treasury shares purchased or sold during the financial year. The number of treasury shares held at the end of the financial year was 121,000 (2022: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2022: RM107,620).

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at 31 March 2023, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2022: 102,829,873) shares.

13. OTHER RESERVES

	GROUP AND COMPANY	
	2023 RM'000	2022 RM'000
Capital reserve	**1,467**	1,467

Capital reserve represents the shortfall of the fair value of shares consideration over the share capital recorded at RM1 par value for the acquisition of the 70% equity interest in Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd. respectively.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

14. DEFERRED TAX LIABILITIES /(ASSETS)

	GROUP 2023 RM'000	GROUP 2022 RM'000
At 1 April 2022/2021	**767**	779
Recognised in profit or loss (Note 22)	**(10)**	(12)
At 31 March	**757**	767
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(4,628)**	(4,799)
Deferred tax liabilities	**5,385**	5,566
	757	767

Deferred tax liabilities/(assets) relate to the following:

	GROUP 2023 RM'000	GROUP 2022 RM'000
Deferred tax assets:		
Unutilised tax losses	**(3,224)**	(3,765)
Unabsorbed capital allowances	**(1,056)**	(692)
Deductible temporary differences	**(348)**	(342)
	(4,628)	(4,799)
Deferred tax liabilities:		
Property, plant and equipments	**5,376**	5,557
Taxable temporary differences	**9**	9
	5,385	5,566

<u>Unrecognised deferred tax assets</u>

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	**70,995**	61,309	**3,379**	3,248
Unabsorbed capital allowances	**140**	79	**-**	-
Deductible temporary differences	**1,996**	2,277	**71**	55
	73,131	63,665	**3,450**	3,303

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

14. DEFERRED TAX LIABILITIES /(ASSETS) (CONT'D)

The unutilised tax losses are available for offset against future taxable profits of the Group and the Company which will expire in the following financial years:

	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
2028	**42,089**	42,089	**1,836**	1,836
2029	**5,914**	3,653	**353**	353
2030	**6,467**	6,556	**472**	472
2031	**6,035**	6,035	**315**	315
2032	**2,975**	2,976	**272**	272
2033	**7,515**	-	**131**	-
	70,995	61,309	**3,379**	3,248

15. LOANS AND BORROWINGS

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000
Non-current:			
Lease liabilities	(a)	**21**	62
Hire purchase payables	(b)	**93**	193
		114	255
Current:			
Bank overdraft		**4,436**	4,855
Banker's acceptances		**37,782**	37,699
Lease liabilities	(a)	**97**	88
Hire purchase payables	(b)	**100**	179
Trust receipts		**-**	1,398
Revolving credit		**2,000**	2,000
Islamic trade financing		**649**	811
		45,064	47,030
		45,178	47,285
Total loans and borrowings			
Bank overdraft		**4,436**	4,855
Banker's acceptances		**37,782**	37,699
Lease liabilities	(a)	**118**	150
Hire purchase payables	(b)	**193**	372
Trust receipts		**-**	1,398
Revolving credit		**2,000**	2,000
Islamic trade financing		**649**	811
		45,178	47,285

The short-term borrowings of the Group are secured by:

(i) facility agreements;
(ii) charges on the subsidiary's freehold land, leasehold land and factory building (Note 5);
(iii) debentures incorporating fixed and floating charges on all the present and future assets of a subsidiary;
(iv) assignment of proceeds of contracts;
(v) memorandum deposit of upfront fixed deposit of RM200,000;
(vi) memorandum of deposit over sinking fund to be built up by 5% from each proceeds received up to a maximum of RM2.5 million or until end of the facility tenure; and
(vii) corporate guarantees given by the Company.

The short-term borrowings bear interest at rates range from 3.16% to 9.10% (2022: 3.22% to 9.00%) per annum.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

15. LOANS AND BORROWINGS (CONT'D)

(a) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	GROUP 2023 RM'000	GROUP 2022 RM'000
Minimum lease payments:		
Not later than one year	**99**	93
Later than one year and not later than five years	**21**	63
	120	156
Less: Future finance charges	**(2)**	(6)
Present value of minimum lease payments	**118**	150
Present value of minimum lease payments:		
Not later than one year	**97**	88
Later than one year but not later than five years	**21**	62
	118	150
Less: Amount due within twelve months	**(97)**	(88)
Amount due after twelve months	**21**	62

(b) Hire purchase payables

Hire purchase payables of the Group of RM193,124 (2022: RM371,826) bear interest ranging from 2.21% to 2.96% (2022: 2.21% to 2.96%) per annum and are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

	GROUP 2023 RM'000	GROUP 2022 RM'000
Minimum lease payments:		
Not later than one year	**105**	191
Later than one year and not later than five years	**100**	185
Later than five years	**-**	21
	205	397
Less: Future finance charges	**(12)**	(25)
Present value of minimum lease payments	**193**	372
Present value of minimum lease payments:		
Not later than one year	**100**	179
Later than one year but not later than five years	**93**	173
Later than five years	**-**	20
	193	372
Less: Amount due within twelve months	**(100)**	(179)
Amount due after twelve months	**93**	193

NOTES TO THE **FINANCIAL STATEMENTS**
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16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current:				
Trade				
Trade payables	**24,066**	19,315	**-**	-
Non-trade				
Other payables	**11,440**	12,279	**-**	-
GST payables	**18**	17	**-**	-
Accruals	**4,168**	2,974	**121**	105
Deposits received	**13**	-	**-**	-
	15,639	15,270	**121**	105
Total trade and other payables	**39,705**	34,585	**121**	105

(a) The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2022: 30 to 90 days).

(b) Included in the trade payables are retention sum amounting to RM535,922 (2022: RM659,859).

(c) Included in other payables is an amount of RM688,559 (2022: RM625,559) due to corporate shareholder of a subsidiary. This amount is unsecured, interest free and repayable on demand in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 24(b)(ii) to the financial statements.

17. REVENUE

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract customers:				
Sale of goods	**75,446**	83,849	**-**	-
Management fees	**-**	-	**110**	110
	75,446	83,849	**110**	110
Timing of revenue recognition				
At a point in time	**75,446**	83,849	**-**	-
Over time	**-**	-	**110**	110
	75,446	83,849	**110**	110

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

17. REVENUE (CONT'D)

(a) Disaggregation of revenue

The Group reports the following major segments: construction services, manufacturing and trading in accordance with MFRS 8 *Operating Segment*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical market, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

GROUP - 2023	MANUFACTURING AND TRADING RM'000
Primary geographical market:	
Malaysia	**74,083**
Singapore	**841**
Vietnam	**522**
	75,446
Major goods or services:	
Pipes and fittings	**75,446**

GROUP - 2022	MANUFACTURING AND TRADING RM'000
Primary geographical market:	
Malaysia	79,915
Singapore	3,934
	83,849
Major goods or services:	
Pipes and fittings	83,849

(b) Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

18. FINANCE COSTS

	GROUP 2023 RM'000	GROUP 2022 RM'000
Interest expenses on:		
- bank overdraft	**321**	272
- other short-term borrowings	**1,967**	1,839
- lease liabilities	**18**	28
	2,306	2,139

19. FINANCE INCOME

	GROUP 2023 RM'000	GROUP 2022 RM'000
Interest income on:		
- short-term deposits	**108**	138

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

20. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credit) in arriving at profit/(loss) before tax:

	GROUP		COMPANY	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Auditors' remuneration:				
- statutory	**177**	150	**61**	54
- non-statutory	**5**	5	**5**	5
Bad debt written off	**-**	166	**-**	-
Depreciation of property, plant and equipment	**3,671**	3,440	**-**	-
Employee benefit expenses (Note 21)	**13,108**	13,048	**206**	201
Impairment loss on trade and other receivables	**-**	285	**-**	-
Gain on disposal of property, plant and equipment	**(15,000)**	(90)	**-**	-
Loss/(Gain) on foreign exchange				
- realised	**146**	88	**-**	(3)
- unrealised	**(12)**	12	**-**	-
Impairment loss on property, plant and equipment	**30**	70	**-**	-
Impairment loss on contract assets	**454**	45	**-**	-
Inventories written down	**67**	-	**-**	-
Property, plant and equipment written off	**1**	19	**-**	-
Expense related to short term lease/Rental expense				
- land and building	**160**	215	**-**	-
- machinery	**63**	48	**-**	-
- office equipment	**13**	12	**-**	-
Reversal of impairment loss on trade and other receivables	**(467)**	(323)	**-**	-

21. EMPLOYEE BENEFIT EXPENSES

	GROUP		COMPANY	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Wages, salaries and others	**11,945**	11,800	**206**	201
Defined contribution plans	**1,163**	1,248	**-**	-
	13,108	13,048	**206**	201

Included in employee benefit expenses are:

	GROUP		COMPANY	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Directors of the Company				
Directors' fees	**93**	91	**43**	41
Other emolument	**671**	662	**163**	160
Defined contribution plans	**76**	72	**-**	-
	840	825	**206**	201
Directors of subsidiaries				
Other emolument	**165**	169	**-**	-
Defined contribution plans	**13**	13	**-**	-
	1,018	1,007	**206**	201

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

22. TAX EXPENSE

The major components of tax expense for the financial years ended 31 March 2023 and 31 March 2022 are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax:				
Current financial year	**8**	18	**-**	-
Under provision in prior financial years	**14**	3	**-**	-
	22	21	**-**	-
Deferred tax (Note 14):				
Current financial year	**(8)**	(12)	**-**	-
Over provision in prior financial years	**(2)**	-	**-**	-
	(10)	(12)	**-**	-
Real property gains tax:				
Current financial year	**1,508**	-	**-**	-
Tax expense	**1,520**	9	**-**	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before tax	**3,373**	(6,692)	**(430)**	(620)
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	**810**	(1,606)	**(103)**	(149)
Tax effect arising from:				
- non-deductible expenses	**548**	632	**68**	98
- non-taxable income	**(3,604)**	(79)	**-**	-
- double deduction	**(10)**	(7)	**-**	-
- revaluation surplus	**(16)**	-	**-**	-
Deferred tax assets not recognised	**2,272**	1,066	**35**	51
Under/(Over) provision in prior financial years				
- current tax	**14**	3	**-**	-
- deferred tax	**(2)**	-	**-**	-
Real property gains tax	**1,508**	-	**-**	-
Tax expense	**1,520**	9	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

23. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share are based on the profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year, calculated as follows:

	GROUP	
	2023 RM'000	2022 RM'000
Profit/(Loss) attributable to ordinary equity holders of the Company:	**3,391**	(5,143)

	GROUP	
	2023 UNIT ('000)	2022 UNIT ('000)
Weighted average number of ordinary shares for basic earnings/(loss) per share	**102,830**	102,830

	GROUP	
	2023 SEN	2022 SEN
Basic earnings/(loss) per ordinary share	**3.30**	(5.00)

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per ordinary share of the Group for the financial year are equivalent to the basic earnings/(loss) per ordinary share of the Group as the Company has no potential dilutive ordinary shares.

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	CARRYING AMOUNT RM'000	AMORTISED COST RM'000
2023		
Financial assets		
Group		
Trade and other receivables *	**17,110**	**17,110**
Cash and short-term deposits	**17,303**	**17,303**
	34,413	**34,413**
Company		
Trade and other receivables *	**58**	**58**
Cash and short-term deposits	**11**	**11**
	69	**69**
Financial liabilities		
Group		
Trade and other payables #	**39,687**	**39,687**
Loans and borrowings @	**45,060**	**45,060**
	84,747	**84,747**
Company		
Trade and other payables	**121**	**121**

NOTES TO THE **FINANCIAL STATEMENTS**
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24. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Cont'd):

	CARRYING AMOUNT RM'000	AMORTISED COST RM'000
2022		
Financial assets		
Group		
Trade and other receivables *	26,121	26,121
Cash and short-term deposits	10,263	10,263
	36,384	36,384
Company		
Trade and other receivables *	58	58
Cash and short-term deposits	17	17
	75	75
Financial liabilities		
Group		
Trade and other payables #	34,568	34,568
Loans and borrowings @	47,135	47,135
	81,703	81,703
Company		
Trade and other payables	105	105

* *Exclude GST refundable, prepayments and advance payment to suppliers*
\# *Exclude GST payable*
@ *Exclude lease liabilities*

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The Audit and Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

24. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	GROUP			
	2023 RM'000	%	2022 RM'000	%
Trade receivables:				
Group				
Manufacturing and trading	**14,003**	**87%**	20,984	84%
Construction services	**2,133**	**13%**	4,051	16%
	16,136	**100%**	25,035	100%
Contract assets:				
Group				
Construction services	**7,076**	**100%**	7,311	100%
	7,076	**100%**	7,311	100%

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

24. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	GROSS CARRYING AMOUNT RM'000	ECL ALLOWANCE RM'000	NET BALANCE RM'000
2023			
Contract assets			
Current	**7,575**	**(499)**	**7,076**
Trade receivables			
Current	**6,305**	**-**	**6,305**
1 to 30 days past due	**3,068**	**-**	**3,068**
31 to 60 days past due	**1,552**	**-**	**1,552**
61 to 90 days past due	**651**	**-**	**651**
91 to 180 days past due	**844**	**-**	**844**
More than 181 days past due	**3,716**	**-**	**3,716**
Individually assessed (credit impaired)	**4,019**	**(4,019)**	**-**
	27,730	**(4,518)**	**23,212**

	GROSS CARRYING AMOUNT RM'000	ECL ALLOWANCE RM'000	NET BALANCE RM'000
2022			
Contract assets			
Current	7,356	(45)	7,311
Trade receivables			
Current	10,724	-	10,724
1 to 30 days past due	3,075	-	3,075
31 to 60 days past due	4,097	-	4,097
61 to 90 days past due	944	-	944
91 to 180 days past due	372	-	372
More than 181 days past due	5,823	-	5,823
Individually assessed (credit impaired)	4,998	(4,998)	-
	37,389	(5,043)	32,346

The significant changes in gross carrying amount of trade receivables do not contribute to changes in impairment losses during the financial year.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

24. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, where possible are incorporated.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.10(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM49,975,836 (2022: RM54,120,969) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 24(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

24. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		CONTRACTUAL CASH FLOWS			
2023	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	OVER 5 YEARS RM'000	TOTAL RM'000
Group					
Trade and other payables#	**39,687**	**39,687**	**-**	**-**	**39,687**
Loans and borrowings	**45,178**	**45,071**	**121**	**-**	**45,192**
Financial guarantees	**-**	**49,976**	**-**	**-**	**49,976**
	84,865	**134,734**	**121**	**-**	**134,855**
2023					
Company					
Trade and other payables	**121**	**121**	**-**	**-**	**121**
Financial guarantees	**-**	**49,976**	**-**	**-**	**49,976**
	121	**50,097**	**-**	**-**	**50,097**

		CONTRACTUAL CASH FLOWS			
2022	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	OVER 5 YEARS RM'000	TOTAL RM'000
Group					
Trade and other payables#	34,568	34,568	-	-	34,568
Loans and borrowings	47,285	47,047	248	21	47,316
Financial guarantees	-	54,121	-	-	54,121
	81,853	135,736	248	21	136,005
2022					
Company					
Trade and other payables	105	105	-	-	105
Financial guarantees	-	54,121	-	-	54,121
	105	54,226	-	-	54,226

Exclude GST payable

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

24. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group's and the Company's policy may include hedging all their material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group and the Company also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	SRI LANKAN RUPEE RM'000	TOTAL RM'000
2023				
Financial assets				
Trade and other receivables	**37**	**148**	**7**	**192**
Cash and bank balances	**1**	**-**	**-**	**1**
	38	**148**	**7**	**193**
Financial liability				
Trade and other payables	**863**	**-**	**-**	**863**

GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	SRI LANKAN RUPEE RM'000	TOTAL RM'000
2022				
Financial assets				
Trade and other receivables	68	684	7	759
Cash and bank balances	7	-	-	7
	75	684	7	766
Financial liability				
Trade and other payables	661	-	-	661

<u>Sensitivity analysis for foreign currency risk</u>

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD") and Singapore Dollar ("SGD").

The Directors believe that the impact of foreign currency fluctuation will not significantly affect the profitability of the Group. As such, sensitivity analysis is not presented.

As at 31 March 2023 and 31 March 2022, there were no forward foreign currency exchange contract.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

24. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

Borrowings of floating rate amounting to RM44,867,687 (2022: RM46,763,055) expose the Group to cash flow interest rate risk whilst borrowings of fixed rate amounting to RM310,579 (2022: RM522,086) expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	CHANGE IN RATE %	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Group			
31 March 2023	**+ 1%**	**342**	**342**
	- 1%	**(342)**	**(342)**
31 March 2022	+ 1%	358	358
	- 1%	(358)	(358)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There has been no transfer between Level 1 and Level 2 during the financial year (2022: Level 1 and Level 2 during the financial year).

Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair value of lease liabilities and fixed rate loan is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

25. CAPITAL COMMITMENTS

The group has made commitments for the following capital expenditure:

	GROUP	
	2023 RM'000	2022 RM'000
Property, plant and equipments		
Approved and contracted for	**3,292**	3,292
Approved but not contracted for	**13,327**	13,327

26. FINANCIAL GUARANTEES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Corporate guarantee granted to financial institutions for banking facilities granted to its subsidiaries				
- total banking facilities	**106,700**	106,700	**106,700**	106,700
- total utilised	**49,976**	54,121	**49,976**	54,121

Fair values of the financial guarantee contracts have not been recognised based on discounted cash flow (expected value) method as they are not material due to the likelihood of the subsidiaries defaulting within the guaranteed period is remote and the estimated loss exposure if the subsidiaries was to default is immaterial.

27. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Entities having significant influence over the Group;
(ii) Subsidiaries;
(iii) Entities in which Directors have substantial financial interest; and
(iv) Key management personnel of the Group's and the Company's, comprise persons (including Directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

27. RELATED PARTIES (CONT'D)

(b) Significant related party transactions and balances (Cont'd)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	GROUP	
	2023 RM'000	2022 RM'000
Significant transaction with corporate shareholder of a subsidiary		
Rental paid/payable	**162**	162

	COMPANY	
	2023 RM'000	2022 RM'000
Significant transaction with its subsidiaries:		
Management fee received/receivable	**110**	110

Significant outstanding balances with related parties at the end of the reporting period are disclosed in Note 16 to the financial statements.

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees, salaries and other employee benefits	**1,193**	1,246	**17**	17
Defined contribution plans	**158**	162	**-**	-
Estimated monetary value of benefit-in-kind	**24**	25	**-**	-
	1,375	1,433	**17**	17

28. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment.

The reportable operating segments are as follows:

Segments	**Product and services**
Manufacturing and trading	Manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterwork related products for waterworks and sewerage industry.
Construction and project management	Construction and project management.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 to the financial statements. Segment result represents profit or loss before tax of the respective business segments. There are no transactions between the reportable segments. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

28. SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities

Segment assets and liabilities are measured based on all assets and liabilities of segment other than those activities that are not part of any reportable segments.

Geographical information

The activities of the Group mainly carried out in Malaysia and as such, geographical segmental reporting is not presented.

Information about major customers

For manufacturing and trading segment, there is 1 (2022: 1) customer with revenue equal or more than 15% (2022: 12%) of the Group's revenue.

	MANUFACTURING AND TRADING RM'000	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	ELIMINATION AND ADJUSTMENT RM'000	NOTE	CONSOLIDATED RM'000
2023					
REVENUE					
External customers	75,446	-	-		75,446
Inter-segment	19,725	-	(19,725)	(a)	-
	95,171	-	(19,725)		75,446
RESULTS					
Reportable segment profit/(loss)	4,098	(725)	-		3,373
NET ASSETS					
Total segment assets	181,273	10,285	-		191,558
Total segment liabilities	71,982	13,981	-		85,963
Net assets/(liabilities) - Segment	109,291	(3,696)	-		105,595
OTHER INFORMATION					
Capital expenditures	1,119	-	-		1,119
Depreciation on property, plant and equipment	3,635	36	-		3,671
Impairment loss on property, plant and equipment	30	-	-		30
Impairment loss on contract assets	-	454	-		454
Inventories written down	67	-	-		67
Interest expenses	2,268	38	-		2,306
Property, plant and equipment written off	1	-	-		1
Interest income	(98)	(10)	-		(108)
Reversal of impairment loss on trade and other receivables	(335)	(132)	-		(467)

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

28. SEGMENT INFORMATION (CONT'D)

	MANUFACTURING AND TRADING RM'000	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	ELIMINATION AND ADJUSTMENT RM'000	NOTE	CONSOLIDATED RM'000
2022					
REVENUE					
External customers	83,849	-	-		83,849
Inter-segment	11,678	-	(11,678)	(a)	-
	95,527	-	(11,678)		83,849
RESULTS					
Reportable segment loss	(6,322)	(370)	-		(6,692)
NET ASSETS					
Total segment assets	172,992	13,434	-		186,426
Total segment liabilities	66,361	16,323	-		82,684
Net assets/(liabilities) - Segment	106,631	(2,889)	-		103,742
OTHER INFORMATION					
Capital expenditures	1,654	-	-		1,654
Bad debts written off	166	-	-		166
Depreciation on property, plant and equipment	3,404	36	-		3,440
Impairment loss on property, plant and equipment	70	-	-		70
Impairment loss on contract assets	-	45	-		45
Interest expenses	2,033	106	-		2,139
Property, plant and equipment written off	19	-	-		19
Interest income	(127)	(11)	-		(138)
Expected credit losses on trade and other receivables	21	264	-		285
Reversal of expected credit losses on trade and other receivables	(323)	-	-		(323)

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

(a) Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2023

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2023 and 31 March 2022.

The Group and the Company monitor capital using gearing ratio, which is calculated as total-interest-bearing borrowings divided by total equity. The Group's and the Company's gearing ratio as at the reporting date are as follows:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Total borrowings (RM'000)	**45,178**	47,285	**-**	-
Total equity (RM'000)	**105,595**	103,742	**67,043**	67,473
Gearing ratio (%)	**42.78%**	45.58%	**-**	-

The Group and the Company are not subject to any externally imposed capital requirements.

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 1 December 2022, the Group disposed two parcels of freehold land to ZW Packaging Sdn. Bhd. for a total consideration of RM17.31 million and the said disposal has been completed on 27 February 2023.

31. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 22 May 2023, Laksana Wibawa Sdn. Bhd., a 51% owned subsidiary of the Company received a notification on proposed acquisition of land under Borang E & F from Jabatan Ketua Pengarah Tanah Dan Galian (Persekutuan) of its intention to hold a land inquiry on 10 July 2023 pertaining to the compulsory acquisition of a leasehold land of the Group under the Land Acquisition Act, 1960 ("the Act"). The Company will submit a claim for compensation in accordance with the Act and attended the inquiry while the negotiation is still ongoing.

STATEMENT BY **DIRECTORS**

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATO' HAJI SAMSURI BIN RAHMAT** and **SEAH HENG CHIN**, being two of the Directors of YLI HOLDINGS BERHAD, do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 49 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

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

DATO' HAJI SAMSURI BIN RAHMAT
Director

SEAH HENG CHIN
Director

Kuala Lumpur

Date: 10 July 2023

STATUTORY **DECLARATION**

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **SEAH HENG CHIN**, being the Director primarily responsible for the financial management of YLI HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 49 to 105 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SEAH HENG CHIN
(MIA Membership No: 23102)

Subscribed and solemnly declared at Kuala Lumpur in the Federal Territory on 10 July 2023.

Before me,
Commissioner for Oaths

Mohamad Zuliswandi Bin Mohamed (W1006)
Level 25, Menara Hong Leong,
No. 6, Jalan Damanlela,
Bukit Damansara,
50490 Kuala Lumpur

INDEPENDENT AUDITORS' **REPORT**

To the members of YLI Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of YLI Holdings Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of 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 significant accounting policies, as set out on pages 49 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Group

Property, plant and equipment ("PPE") (Note 4.3 and Note 5(b))

As at 31 March 2023, the Group's idle machineries amounted to RM7,456,924. We focused on this area because judgements and estimates by Directors are involved in determining the recoverable amount of idle machineries.

Our audit response:
Our audit procedures included, among others:

- understanding and obtaining explanations from the Group on their intention and plans related to the idle assets;
- evaluating the competence, capabilities and objectivity of the external valuers which include consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement; and
- reading the valuation reports and discussing with external valuers on their valuation approach and the significant judgements they made.

INDEPENDENT AUDITORS' **REPORT**

To the members of YLI Holdings Berhad (Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables and contract assets (Note 4.1 and Note 8)

We focused on this area because the Directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Directors selected inputs to the impairment calculation, based on the Group's past history and forward-looking estimates at the end of the reporting period.

Our audit response:
Our audit procedures included, among others:
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis with the Group of their ageing reports and other collection;
- obtaining confirmation of balances of selected receivables;
- reading any customer correspondence, subsequent receipts and discussing with the Directors on the level of activity with the customer and explanation by the Group on recoverability with significantly past due balances; and
- testing the calculation of expected credit loss as at the end of the reporting period.

Inventories (Note 4.2 and Note 7)

As at 31 March 2023, the Group's inventories amounted to RM79 million and inventories written down during the year amounted to RM67,384. We focused on this area because judgement by Directors is required in estimating the net realisable value of inventories.

Our audit response:
Our audit procedures included, among others:
- reviewing the Group's assessment in relation to the monitoring and detection of slow-moving inventories;
- observing year end physical inventory count to observe physical existence and condition of the finished goods and reading the design and implementation of controls during the count; and
- reviewing subsequent sales and understanding director's assessment on estimated net realisable value on selected inventory items.

Company

Investment in subsidiaries (Note 4.3 and Note 6)

We focused on this area because the Directors' assessment of the recoverable amount involved significant judgement.

Our audit response:
Our audit procedures included, among others:
- comparing the actual results with previous budget;
- reading the Company's assumption used in the projections; and
- testing the mathematical accuracy of the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' **REPORT**

To the members of YLI Holdings Berhad (Incorporated in Malaysia)

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 the 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.

The Directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

INDEPENDENT AUDITORS' **REPORT**

To the members of YLI Holdings Berhad (Incorporated in Malaysia)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as Auditors, are disclosed in Note 6 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 contents of this report.

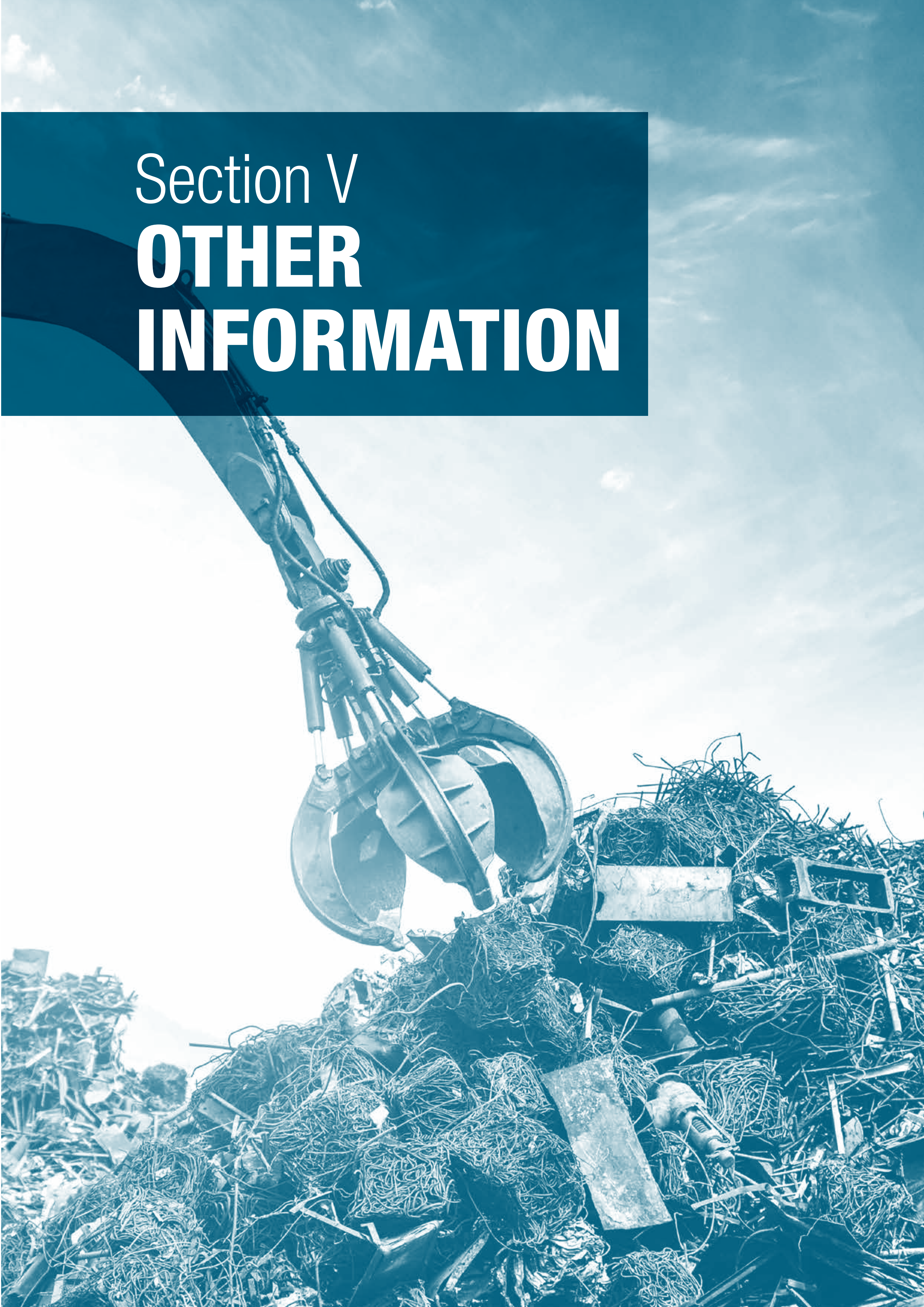
Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No.03264/04/2025 J
Chartered Accountant

Kuala Lumpur

Date: 10 July 2023

Section V
OTHER INFORMATION



PROPERTIES **OF THE GROUP**

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2023 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
FACTORIES					
2432, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 03.10.2042)	3.30 acres	854	N/A	1 November 1994
	Main factory	76,100 sq. ft.	2,887	40	
	Machine workshop	3,200 sq. ft.		32	
	Canteen	2,050 sq. ft.		27	
	Office building	7,949 sq. ft.		27	
2462, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	2,739	N/A	10 September 1999
	Factory building	60,702 sq. ft.	3,309	23	14 July 2000
2579, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 23.01.2045)	3.02 acres	1,470	N/A	19 July 1999
	Single storey factory cum workshop	40,050 sq. ft.	1,831	31	19 July 1999
	Double-storey office building	4,450 sq. ft.			
2604, Lorong Perusahaan Baru 2, Kawasan Perusahaan Prai, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 11.12.2050)	3.55 acres	1,141	N/A	6 May 2004
	Factory building	24,208 sq.ft.	985	33	
Lot 1498, Seksyen 20, Town of Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Land (Leasehold 99 years expiring 10.09.2096)	44,578 sq. metres	5,131	N/A	30 March 2009
	Factory building	12,689 sq. metres	10,691	22	29 August 2008
	Office building	460 sq. metres			
OFFICE CUM WORKSHOP					
51, Jalan Layang-Layang 3, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Land (Freehold)	7,201 sq. ft.	750	N/A	26 May 1997
	1½ storey semi-detached factory erected on it		379	26	

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2023 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
WAREHOUSE					
No. 2739, Mukim 6, Lorong Nagasari 5, Taman Nagasari, 13600 Prai, Pulau Pinang	Land (Leasehold expiring 09.05.2051)	3.25 acres	2,138	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft.	1,261	27	
GENERAL PROPERTIES					
No. 11, 12, 13, 14, Tingkat 3, Block C, Taman Pelangi, 13600 Prai, Pulau Pinang	4 units of flats (leasehold expiring 07.11.2093) used as production workers accommodation	700 sq. ft. each	115	27	8 November 1994
No. 7, Lorong Nagasari 22, Taman Nagasari, 13600 Prai, Pulau Pinang	Land (Freehold) 1½ storey terrace factory erected on it	2,034 sq. ft.	226	27	10 November 1993
HS(M)21310, PT No.18066 HS(M)28813, PT No.64243 HS(M)21312, PT No.18068 HS(M)21313, PT No.18069	Land (Freehold)	1,200 sq. metres	610	N/A	May 2002
	Warehouse		79	N/A	January 2003
Moveable Site Hostel, No.2739, Mukim 6, Lorong Nagasari 5, Taman Nagasari, 13600 Prai, Pulau Pinang	Double storey steel container	40' X 8' X 8' (8 units)	9	N/A	16 September 2002
No.40, Jalan Uranus AH U5/AH, Taman Subang Impian, Seksyen U5, 40150 Shah Alam, Selangor	Three storey shop office	5,280 sq. ft.	875	10	26 April 2015
Lot 530, Tile no. GM 344, Mukim Batang Kali, District of Hulu Selangor	Vacant industrial land (Freehold)	18,211 sq. metres	1,960	N/A	14 April 2015

ANALYSIS OF SHAREHOLDINGS
as at 30 June 2023

Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share
Issued Share Capital	: RM110,158,886.50 consisting of 102,950,873 ordinary shares (inclusive of 121,000 shares held as treasury shares)
Number of Holders	: 2,139

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 30 JUNE 2023

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	%*
41	less than 100 shares	855	0.00
305	100 to 1,000 shares	195,390	0.19
1,149	1,001 to 10,000 shares	5,596,582	5.44
552	10,001 to 100,000 shares	19,318,927	18.79
91	100,001 to less than 5% of issued shares	45,208,030	43.96
1	5% and above of issued shares	32,510,089	31.62
2,139		**102,829,873**	**100.00**

* The issued and paid-up capital is as per Record of Depositors as at 30 June 2023 exclusive of 121,000 shares held as treasury shares

Negligible

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 JUNE 2023

	NAME	SHAREHOLDINGS	%
1	SUASANA KARISMA SDN BHD	32,510,089	31.62
2	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (8055840)	5,100,000	4.96
3	NUSMAKMUR DEVELOPMENT SDN. BHD.	4,861,330	4.73
4	JB-CITY ALLOY INDUSTRIES SDN. BHD.	3,501,500	3.41
5	BLESSPLUS SDN. BHD.	2,659,600	2.59
6	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OKBB SDN BHD	2,316,300	2.25
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE WAY HOONG (E-KLC/SSH)	1,623,000	1.58
8	LEONG SIR LEY	1,500,000	1.46
9	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PANG KIAM	1,346,000	1.31
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	831,000	0.81
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA (003)	797,300	0.78
12	LEONG SIR LEY	750,000	0.73
13	KONG FOOD KIM	704,300	0.68
14	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	664,800	0.65

ANALYSIS OF **SHAREHOLDINGS**
as at 30 June 2023

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 JUNE 2023 (CONT'D)

	NAME	SHAREHOLDINGS	%
15	LIM SAY HAN	639,000	0.62
16	TEE MEE KEE	629,600	0.61
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOR BING HWA (E-TCS/TCT)	600,000	0.58
18	BUMIRAYA ARMANI SDN BHD	591,400	0.58
19	KHOR KENG SAW @ KHAW AH SOAY	563,500	0.55
20	THONG MAYLENE	550,000	0.53
21	WANG HSUEH YING	526,000	0.51
22	ONG SOI TAT	520,000	0.51
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GAIK SUAN	467,800	0.45
24	HOO WAN FATT	445,200	0.43
25	KEAN MOONG YIN	430,000	0.42
26	QUEK SER PENG	400,000	0.39
27	LEE CHEE BENG	373,900	0.36
28	MOHD HAFIZ BIN HALIM (DATO SRI)	340,500	0.33
29	LEONG CHEE HOK	340,000	0.33
30	WONG KEE CHONG	340,000	0.33
	TOTAL	**66,922,119**	**65.08**

ANALYSIS OF **SHAREHOLDINGS**
as at 30 June 2023

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 30 June 2023 are as follows:-

	NO OF SHARES			
NAME OF SHAREHOLDERS	DIRECT	%#	INDIRECT	%#
Suasana Karisma Sdn Bhd	32,510,089	31.62	-	-
Dato' Haji Samsuri Bin Rahmat	-	-	32,510,089*	31.62
Seah Heng Chin	-	-	32,510,089*	31.62

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 30 June 2023.

* Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of their shareholdings in Suasana Karisma Sdn Bhd

DIRECTORS AND THEIR SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 30 June 2023 are as follows:-

	NO. OF SHARES			
NAME OF DIRECTORS	DIRECT	%#	INDIRECT	%#
Dato' Haji Samsuri Bin Rahmat	-	-	32,510,089*	31.62
Seah Heng Chin	-	-	32,510,089*	31.62
Dr Abdul Latif Bin Shaikh Mohamed	-	-	-	-
Datuk Haji Jalaludin Bin Haji Ibrahim	-	-	-	-
Hew Kam Mooi	-	-	-	-

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 30 June 2023.

* Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of their shareholdings in Suasana Karisma Sdn Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting ("AGM") of **YLI Holdings Berhad** will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online on Monday, 28 August 2023 at 11.00 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon. — **Please refer to Note A**

AS ORDINARY BUSINESS

2. To re-elect Mr Seah Heng Chin who retires in accordance with Clause 76(3) of the Company's Constitution. — **Resolution 1**
3. To re-elect Datuk Haji Jalaludin Bin Haji Ibrahim who retires in accordance with Clause 76(3) of the Company's Constitution. — **Resolution 2**
4. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to determine their remuneration. — **Resolution 3**
5. To approve the payment of Directors' fees for the financial year ended 31 March 2023 and Directors' benefits from 28 August 2023 until the next AGM of the Company up to an aggregate amount of RM500,000.00. — **Resolution 4**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Resolutions:-

6. **Special Resolution** — **Resolution 5**
   Waiver of Pre-emptive Rights Under Section 85 of the Companies Act 2016
   "THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equality to the existing issued shares of the Company under Section 85 of the Companies Act 2016 ("the Act"), read together with Clause 12(3) of the Constitution of the Company.

   THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any persons as the Directors may determine subject to passing Ordinary Resolution I – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."

7. **Ordinary Resolution I** — **Resolution 6**
   Authority to Issue and Allot Shares of the Company Pursuant to Sections 75 and 76 of the Companies Act 2016
   "THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 ("the Act") and pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

   THAT such approval on the Proposed General Mandate shall be in force until:

   a. the conclusion of the next AGM of the Company held after the approval was given;
   b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
   c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting.

   whichever is the earlier.

NOTICE OF **ANNUAL GENERAL MEETING**

7. **Ordinary Resolution I (Cont'd)** **Resolution 6 (Cont'd)**
Authority to Issue and Allot Shares of the Company Pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

8. **Ordinary Resolution II** **Resolution 7**
Proposed Renewal of Authority for Share Buy-Back

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

i. the conclusion of the next AGM of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
ii. the expiration of the period within which the next AGM of the Company is required by law to be held; or
iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;
ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
iv. To resell all or part of the treasury shares;
v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
vi. To transfer all or part of the treasury shares as purchase consideration;

NOTICE OF ANNUAL GENERAL MEETING

8. **Ordinary Resolution II (Cont'd)**
Proposed Renewal of Authority for Share Buy-Back (Cont'd) **Resolution 7 (Cont'd)**

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

9. 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

CHEW SIEW CHENG
(MAICSA 7019191) (SSM PC No. 202008001179)
LAW MEE POO
(MAICSA 7033423) (SSM PC No. 201908002275)

Company Secretaries

Penang

Date: 28 July 2023

Note A

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 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.

NOTES:

1. Proxy

*1.1 The AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd (**"Tricor"**) in Malaysia via its TIIH Online website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, **"Participate"**) remotely at this AGM via Remote Participation and Voting (**"RPV"**) facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.*

1.2 The online meeting platform at TIIH Online website at https://tiih.online or https://tiih.com.my which is the main venue of the AGM, is registered with MYNIC Berhad under the Domain Registration No. D1A282781. This fulfills Section 327(2) of the Companies Act 2016 which requires the main venue of a company's general meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the Frequently Asked Questions on Virtual General Meetings dated 8 June 2021 issued by the Companies Commission of Malaysia.

1.3 For the purpose of determining who shall be entitled to participate in this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 August 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this General Meeting or appoint a proxy to participate on his/her/its behalf via RPV.

1.4 As the AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTES: (CONT'D)

1. Proxy (Cont'd)

1.5 A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

1.6 A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.

1.7 Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

1.8 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

1.9 Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

1.10 The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

(i) <u>In hard copy form</u>
In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at No. 45, Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur

(ii) <u>By electronic means</u>
The Proxy Form can be electronically lodged via TIIH Online website at <u>https://tiih.online</u>. Please refer to the Administrative Guide for the 28th AGM on the procedures for electronic lodgement of the Proxy Form.

1.11 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at No. 45, Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

1.12 Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

1.13 Last date and time for lodging this proxy form is 11.00 a.m. on 26 August 2023, Saturday.

*1.14 For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment at the registered office of the Company situated at No. 45, Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur. The certificate of appointment should be executed in the following manner:*

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

1. Resolution 1 & 2 - Re-election of retiring Directors

The details and profiles of the retiring Directors, Mr Seah Heng Chin and Datuk Haji Jalaludin Bin Haji Ibrahim who are standing for re-election at the AGM are set out in the Directors' profile on page 8 and 10 of the Annual Report 2023.

The Board through the Nomination Committee ("NC") had conducted an annual assessment on the performance and contribution of the individual Directors including the retiring Directors for the financial year ended 31 March 2023 based on a set of prescribed criteria. Based on the results of the annual assessment, the performance of each individual Director was found to be satisfactory and the NC had assessed that each individual Director was fit and proper to continue to hold the position as a Director of the Company.

Premised on the satisfactory outcome of the assessments, the Board endorsed the recommendation of the NC to seek members' approval for the re-election of Mr Seah Heng Chin and Datuk Haji Jalaludin Bin Haji Ibrahim as the Directors of the Company.

2. Resolution 4 - Directors' Fees and Benefits

Pursuant to Section 230 of the Act, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Resolution 4, if passed, will authorise the payment of Directors' fees for the financial year ended 31 March 2023 and Directors' benefits from 28 August 2023 until the next AGM of the Company up to an aggregate amount of RM500,000.00.

3. Resolution 5 - Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016

The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Companies Act 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive rights. The Special Resolution if passed, will allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

4. Resolution 6 - Authority to Issue Shares

The Board is desirous of seeking a general mandate for issuance of shares at the 28th AGM. Subject to passing the Special Resolution on the waiver of pre-emptive rights under Section 85 of the Companies Act 2016, the Ordinary Resolution proposed under Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company ("Proposed General Mandate").

5. Resolution 7 - Proposed Renewal of Authority for Share Buy-Back

The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company. For further information, please refer to the Statement to Shareholders dated 28 July 2023.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Statement Accompanying Notice of Annual General Meeting pursuant to Paragraph 8.27(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

General Mandate for Issues of Securities pursuant to Paragraph 6.03(3) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

This general mandate for issue of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. This Mandate will expire on 28 August 2023. A renewal of this authority is being sought at the Twenty-Eight AGM.

The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

YLI HOLDINGS BERHAD
199501038047 (367249-A)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

I/We ____ Tel : ______________________

[Full name in block, NRIC/Passport/Company No.]

of ____

____

being member(s) of **YLI Holdings Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online on Monday, 28 August 2023 at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Business		FOR	AGAINST
Re-election of Mr Seah Heng Chin	Resolution 1		
Re-election of Datuk Haji Jalaludin Bin Haji Ibrahim	Resolution 2		
Re-appointment of Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to determine their remuneration	Resolution 3		
Approval of Directors' fees and benefits	Resolution 4		
Special Business			
Special Resolution - Waiver of Pre-emptive Rights	Resolution 5		
Ordinary Resolution I - Authority to Issue Shares	Resolution 6		
Ordinary Resolution II - Proposed Renewal of Authority for Share Buy-Back	Resolution 7		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this ____________________ day of ________________ 2023

____
Signature* Member

** Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. Proxy

1.1 *The AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd (**"Tricor"**) in Malaysia via its TIIH Online website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, **"Participate"**) remotely at this AGM via Remote Participation and Voting (**"RPV"**) facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.*

1.2 *The online meeting platform at TIIH Online website at https://tiih.online or https://tiih.com.my which is the main venue of the AGM, is registered with MYNIC Berhad under the Domain Registration No. D1A282781. This fulfills Section 327(2) of the Companies Act 2016 which requires the main venue of a company's general meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the Frequently Asked Questions on Virtual General Meetings dated 8 June 2021 issued by the Companies Commission of Malaysia.*

1.3 *For the purpose of determining who shall be entitled to participate in this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 August 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this General Meeting or appoint a proxy to participate on his/her/its behalf via RPV.*

1.4 *As the AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.*

1.5 *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.*

1.6 *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.*

1.7 *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

1.8 *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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

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Stamp

YLI HOLDINGS BERHAD
No. 45, Lorong Rahim Kajai 13
Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia

First fold here

1.9 *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

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(b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

YLI HOLDINGS BERHAD
199501038047 (367249-A)

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Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.
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Fax : (603) 77222057

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