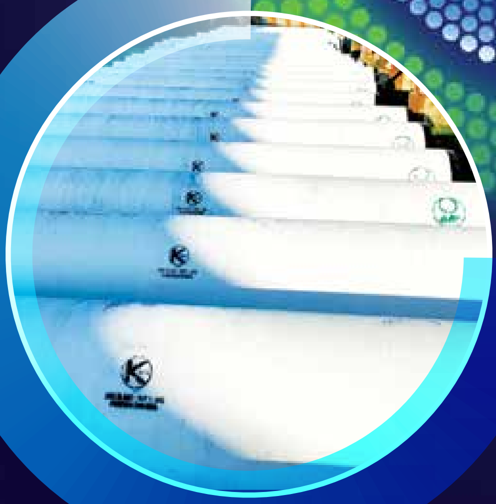
YLI HOLDINGS BERHAD
199501038047 (367249-A)

ANNUAL REPORT 2020



DIVERSIFICATION & **EXPANSION**

OUR VISION

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

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.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Managing Director
Seah Heng Chin

Independent Non-Executive Directors
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
Mohammad Khayat Bin Idris
Dr Abdul Latif Bin Shaikh Mohamed
Datuk Hj Jalaludin Bin Hj Ibrahim

BOARD COMMITTEES

Audit Committee

Dr Abdul Latif Bin Shaikh Mohamed – *Chairman*
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
Mohammad Khayat Bin Idris

Remuneration Committee

Mohammad Khayat Bin Idris – *Chairman*
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
Dr Abdul Latif Bin Shaikh Mohamed

Nomination Committee

Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin – *Chairman*
Mohammad Khayat Bin Idris
Dr Abdul Latif Bin Shaikh Mohamed

REGISTERED OFFICE

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Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia
Tel : 03 77222296
Fax : 03 77222057

COMPANY SECRETARY

Chew Siew Cheng
MAICSA 7019191
SSM PC No. 202008001179

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

SHARE REGISTRAR

Plantation Agencies Sdn. Berhad
3rd Floor, 2 Lebuh Pantai
10300 Penang
Malaysia
Tel : 04 2625333
Fax : 04 2622018

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 & Services
Sub-sector : Metals
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)
- 100% **YEW LEAN INDUSTRIES SDN. BHD.** 199301016469 (271209-W)
- 100% **LOGAM UTARA (M) SDN. BHD.** 198801003097 (170454-P)
- 100% **YEW LI FOUNDRY & CO. SDN. BHD.** 197901006108 (50391-V)
- 51% **LAKSANA WIBAWA SDN. BHD.** 199601027502 (399854-W)
- 70% **HALUAN PRISMA SDN. BHD.** 199601004555 (376901-W)
- 70% **MRPI PIPES SDN. BHD.** 197801003263 (40279-V)

MANAGEMENT DISCUSSION & ANALYSIS

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.

With the above four 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.

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.

FINANCIAL REVIEW

Revenue

The Group revenue for the financial year ended 31 March 2020 ("FY2020") was RM97.120 million as compared to RM113.000 million achieved in previous financial year ("FY2019"). All segments of business had recorded declining revenue, with manufacturing and trading declining by 7.9% (from RM96.789 million to RM89.110 million) and construction segment declining by 50.6% (from RM16.211 million to RM8.010 million), thus resulting in a net decrease of 14.1% in group revenue. The lower group revenue was primarily affected by lower overseas demand for pipes and fittings, lower construction revenue as well as the effect of the restriction on movements of goods and people arising from the Movement Control Order implemented by the Malaysian government to curb the spread of Covid-19 since 18 March 2020 as well as measures undertaken in other nations around the world as far back as January 2020.

Gross Profit/(Loss)

A gross profit of RM3.845 million was recorded for FY2020 as compared to a gross loss of RM11.052 million for FY2019, despite the lower group revenue in FY2020. The significant increase in the Group's gross margin was primarily due to a multitude of factors including lower cost of raw materials (such as hot rolled coils and scrap metal) as well as completion of major machinery upgrades in the current financial year.

Other Income

Other income for FY2020 was RM1.379 million as compared to RM2.634 million registered in FY2019. The decrease in other income for FY2020 was mainly due to the derecognition of a joint venture of RM0.879 million and a compensation of material defect of RM0.469 million in FY2019.

MANAGEMENT DISCUSSION & ANALYSIS

Selling & Distribution Expenses

Selling and distribution expenses for FY2020 of RM2.172 million was lower as compared to RM2.636 million in FY2019, in line with the lower sales revenue in FY2020.

Administrative Expenses

Administrative expenses for FY2020 of RM10.174 million was lower as compared to RM11.867 million in FY2019, and the decrease was primarily due to the bad debts written off of RM0.274 million, a provision for expected credit losses on trade and other receivables of RM0.334 million and the impairment loss on property, plant and equipment of RM1.198 million in FY2019.

Loss After Tax & Total Comprehensive Loss

As a consequence of the reasons as given above, the Group recorded a loss after tax of RM10.115 million in FY2020 as compared to a loss after tax of RM21.742 million for FY2019. Consequently, total comprehensive loss for FY2020 stood at RM10.115 million (vis-à-vis a total comprehensive loss of RM22.697 million for FY2019).

Equity Attributable to the Owners of the Company

The equity attributable to the owners of the Company (i.e. YLI Holdings Berhad) decreased from RM129.312 million as at the end of FY2019 to RM121.475 million as at the end of FY2020. The decrease was due to total comprehensive loss attributable to the owners of the company of RM10.115 million for FY2020 (vis-à-vis total comprehensive loss attributable to the owners of the company of RM22.697 million for FY2019).

Gearing and Liquidity

Total short-term and long-term borrowings of the Group (defined to include overdraft, lease liabilities and other bank borrowings, both long-term and short-term) as at the end of FY2020 amounted to RM47.173 million as compared to RM43.643 million as at the end of FY2019. In terms of liquidity, the Group recorded a cash and cash equivalents of RM1.615 million as at the end of FY2020 as compared to RM12.044 million as at the end of FY2019.

Capital Expenditure Requirement

A total of RM4.591 million was expended during FY2020 to fulfill capital expenditure requirement and the amount to be expended within the next financial year is expected to be within the range of RM3 million - RM4 million for the Group.

PROSPECTS

The Malaysian economy recorded a Gross Domestic Product ("GDP") growth rate of 4.3% in 2019, which is lower than the 4.7% recorded in 2018. The industry outlook for the Group's business is expected to remain challenging moving forward, amidst the moderating GDP growth rate and challenging operating environment. The ongoing removal of government subsidies and the influx of China's iron and steel products in South East Asia following the relaxation of the Asean Free Trade Area ("AFTA") regime will likely continue to impact our bottom line.

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.

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 specializing 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 2020.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors acknowledges the importance of embedded sustainability within YLI Group ("the Group") and recognizes its responsibilities of upholding integrity and ethical standard not only to its stakeholders, but also to the wider community within which the Group operates. As such, pursuance is placed within our operations to ensure a strategic operational growth and to curb the negative impact and positively contribute to the three pillars of sustainable development, namely, Economic, Environmental and Social ("EES").

This year's sustainable development statement represents the Group's commitment in taking necessary measures to achieve our sustainability objectives. With the mind set of propelling our business towards the application of sustainable development, we are consistently improving and developing our practices and disclosures to manage the three pillars of sustainability.

SUSTAINABILITY STATEMENT

SCOPE

The Sustainability Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and guidance drawn from Practice Note 9 of the MMLR and the Sustainability Reporting Guide (2nd edition) issued by the Exchange in 2018. This Sustainability Statement sets out the principle approach adopted by the Group as well as detailed disclosures on our sustainability efforts for the financial year ended 31 March 2020.

A breakdown of the scope of the Statement can be summarised as follows:-

Scope of Report :	1 April 2019 to 31 March 2020
Reporting Cycle :	Annually
Principle Guidelines :	Bursa Malaysia's Sustainability Reporting Guide (2nd edition)
Coverage :	YLI and its subsidiaries

The scope includes the coverage of Group's main nature of business and key subsidiaries, however, this statement excludes any outsourced or joint ventures activities within the value chain such as vendors and suppliers which YLI or the Group does not have managerial control over the operational matters of said organisations.

Below delineates the key business operation of YLI Group and its subsidiaries:-

YLI HOLDINGS BERHAD

Yew Lean Foundry & Co. Sdn. Bhd. ("YLF")	Leading manufacturer of ductile iron pipes, fittings and other related products.
Laksana Wibawa Sdn. Bhd. ("LW")	Manufacturing of high quality steel pipes for water, sewerage and construction industries.
Logam Utara (M) Sdn. Bhd.	Involvement in water industry related to under-pressure linetapping/ linestopping machines, pipes accessories.
MRPI Pipes Sdn. Bhd. ("MRPI")	Manufacturing and marketing of High Density Polyethylene ("HDPE") pipes and fittings.
Haluan Prisma Sdn. Bhd.	Contractor registered with Pusat Khidmat Kontraktor ("PKK") and under "G7" Grade by CIDB.

Additionally, to present our stakeholders with a detailed report, this Sustainability Statement is to be read in conjunction with the Management Discussion and Analysis ("MDA") disclosed in this Annual Report that sets out both our financial and operational performance for the financial year ended 31 March 2020.

SUSTAINABILITY STATEMENT

GOVERNANCE STRUCTURE

For the financial period under review, the Group's overall operations are managed and supervised by the Group Managing Director. The Group is made up of several key subsidiaries involving in the manufacturing and marketing of Ductile Iron ("DI"), Mild Steel ("MS") and High Density Polyethylene ("HDPE") pipes and fittings, as well as the construction business. Each individual subsidiary within the Group is governed under the leadership of the respective Board of Directors who oversees the overall planning and implementation of sustainability practices across its subsidiaries. In order to comply with the Group's governance structure, several group functions i.e., Operation, Corporate Services, Group Finance & Business Development and Sales & Marketing have been established to ensure policies and procedures are adopted accordingly.

The following diagram below represents the YLI's governance structure on sustainability:-

Board of Directors ("BOD")

Audit Committee (AC)

Sustainability Working Group

Operation Corporate Services	Group Finance	Business Development	Sales & Marketing

In that context, with a view to create socioeconomic values by taking into account the needs and views of all its stakeholders, a Sustainability Working Group ("SWG") was established to identify material sustainability matters, ensure smooth coordination and implementation of initiatives under the perspectives of economic, environment and social sustainability.

The primary objective of the SWG is to facilitate the preparation of the Sustainability Statement for inclusion in the Annual Report. Chaired by the Group Managing Director ("GMD") to oversee and supervise the implementation of sustainability strategies set by the board, the SWG also comprises of Senior Management such as Executive Director and Managing Director from the respective functional units along with support groups from cross-functional business units of YLI and its subsidiaries that allow diverse viewpoints and opinions, thereby promoting a sustainable business.

On top of the objectives, the responsibility of the SWG includes overseeing the following:-

Provide assistance to the Board in meeting its oversight responsibilities in relation to the Group's sustainability initiatives and performance.

Review and highlight recommendations to the Board on the Company's policy and performance in relation to the economic, environment and social aspect.

Examine sustainable issues arising from independent audits and assurance reports.

Assisting the BOD in performing its supervisory duties in support of the Group's material sustainability strategies and initiatives.

Review issues relating to sustainability arising from independent audits and assurance reports as well as any matters highlighted by the consultants (if any).

The SWG held their meeting on 19 June 2020, with the participants consisting of senior management such as Executive Directors, Head of Departments, managers and a secretary to review Sustainability's governance structure, stakeholder's engagement analysis and assessment of sustainability matters.

STAKEHOLDER ENGAGEMENT

Operating as an effective and sustainable business entity, the Group believes that stakeholders' interests and concerns input on sustainability matters as an essential component in determining issues that are material to the Group to attain its sustainability plans and strategies. In order to define our engagements, stakeholders are defined as any individual, group, or party that has an interest in an organization and the outcomes of its actions.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONT'D)

Therefore, during the financial period, the Group had undertaken a proactive approach to engage with key stakeholders to solicit their views. YLI has assessed its stakeholders through an internal stakeholder questionnaire mapping exercise in terms of influence and dependence, to understand the dynamics among the Group and its stakeholders. The mapping exercise was conducted to assist management in defining key stakeholder groups and prioritizing issues which are important from the viewpoint of stakeholders. In summary, the following table identifies and categorizes the key stakeholder group of YLI:-

Stakeholders	Means of Engagement	Frequency
Customer	• Meeting / Discussion • Contract negotiation • Customer service practice • Press release / Announcement • Corporate website	• Weekly • Ad-Hoc • Ongoing • Ad-Hoc • Ongoing
Government / Regulatory Body	• Meeting / Discussion • Contract negotiation • Customer service practice • Press release / Announcement • Corporate website	• Weekly • Ad-Hoc • Ongoing • Ad-Hoc • Ongoing
Employee	• Annual performance review • Meeting / Discussion • Grievances / Whistleblowing procedures • Dialogue session	• Annually • Weekly • Ongoing • Ad-Hoc
Supplier / Vendor	• Contract negotiation • Evaluation and performance review • Vendor registration • Meeting / Discussion	• Ad-Hoc • Annually • Ad-Hoc • Weekly
Shareholder	• Annual general meeting • Annual report • Quarterly result announcement • Press release • Corporate website • Communication via Company Secretary	• Annually • Annually • Quarterly • Ad-Hoc • Ongoing • Ad-Hoc
Public / Local Community	• Press release / Announcement • Corporate website	• Ad-Hoc • Ongoing

MATERIALITY ASSESSMENT

The Group understands that the three pillars of sustainability economic, environment and social are key areas to be aligned with our business sustainability initiatives. As part of the preparation of this reporting cycle and to identify material sustainability issues relevant for our business and stakeholders, an internal assessment was conducted by the SWG through a materiality evaluation for the financial year ended 31 March 2020.

The purpose of the sustainability materiality assessment was to assist the Group to identify and categorise prevalent issues that could allow the Group to strategically allocate its resources and effort, and its direction towards sustainability. Material issues can be defined as components that have a significant effect on and are related to the Group's various stakeholders. The Group's materiality assessment is focused on its involvement in its daily operations which have contributed to identifying the material issues which may affect the group's economic, environmental and social sustainability.

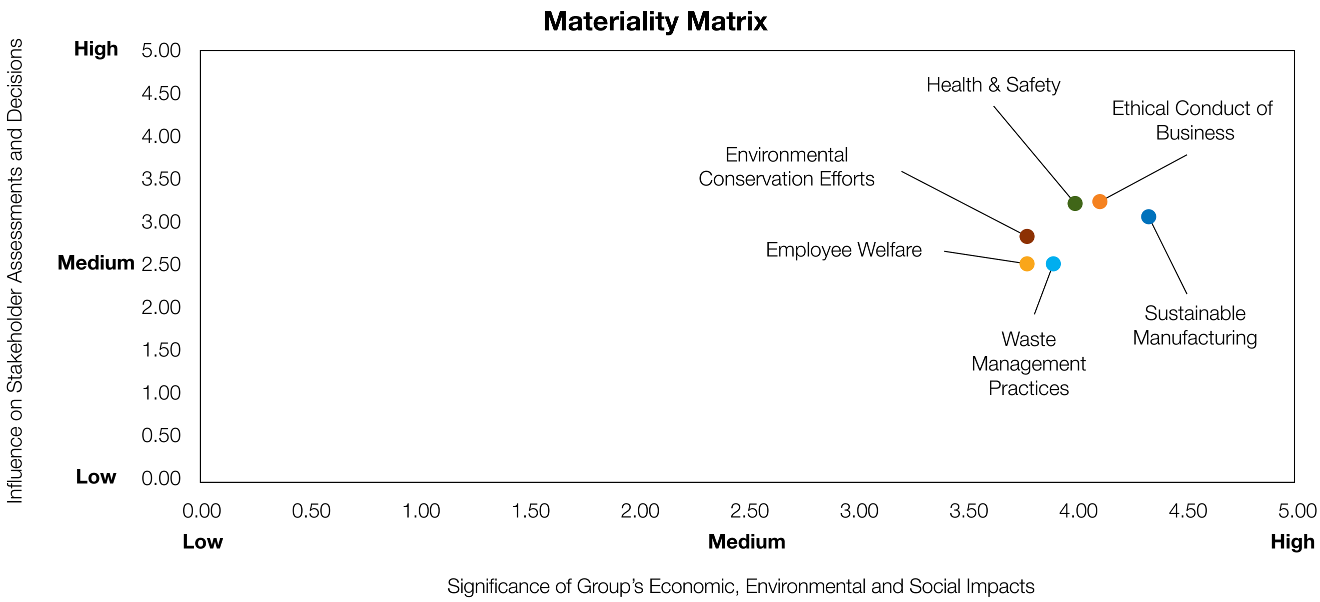
SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT (CONT'D)

The SWG of each subsidiary was tasked to execute and monitor practices in managing the sustainability matters related to their respective companies, hence the result of materiality assessment executed by the SWG includes senior management across each subsidiary. By consolidating the internal feedback from our employees, the Group's sustainability material matters are highlighted subtly on the Materiality Matrix as shown below:-

Economic Perspective	Environmental Perspective	Social Perspective
• Sustainable Manufacturing Practices • Ethical Conduct of Business	• Environmental Conservation Initiatives • Waste Management Practices	• Health and Safety Initiatives • Employee Welfare and Wellbeing

Materiality Matrix



The plotted materiality matrix signifies the levels of significance and priority between the stakeholders and the Group. In view of this, the Group concludes that the key priority for the year of assessment remains essential and applicable to the following six (6) sustainability concerns. Following which, the SWG of each subsidiary was tasked to execute and monitor practices in managing the sustainability matters related to their respective business unit or functions.

ECONOMIC

Sustainable Manufacturing Practices

The Group's commitment towards the management of sustainability is recognized as one of the major elements of corporate sustainability with the goal of creating, protecting and increasing economic long-term value for its key stakeholders. YLI acknowledges that the suppliers and industry associates play a vital role in ensuring optimal production of the Group's market operations with high quality products and consistent support at a cost-effective pace.

Consequently, necessary measures were taken to substantially minimize the manufacturing waste in the manufacture of Ductile Iron pipes and boost the operating performance, contributing and increased productivity for our shareholders. This will ultimately ensure that our products are maintained in a higher quality level while we optimise the cost which to be incurred in sustaining our daily business activities.

SUSTAINABILITY STATEMENT

ECONOMIC (CONT'D)

Sustainable Manufacturing Practices (Cont'd)

Fundamentally, the Group has enforced strict criteria in the selection and evaluation processes of our suppliers. In order to determine supplier's efficiency as regards to competitive pricing, quality of goods and services and consistency of delivery, we have carried out bi-annual performance supplier reviews on both new and existing suppliers. This practice is to ensure that our vendors are constructively assessed to determine their capability in sustaining a reliable support for our operations. In addition, the evaluation result will be reviewed and approved by the management as a mean to provide constructive feedback for positive development in the future. Overall, the supplier evaluation results collected from the Group's main suppliers were deemed as satisfactory during the financial year, with an average score of 90% (out of maximum 100%).

On the other hand, we are also committed to provide local suppliers the necessary business opportunities to empower and boost the domestic economy. Whenever possible, the Group strives to ensure that the components that we use in our operation across the supply chain such as machine tools and scrap metals are sourced from our local providers. In FY2020, 73% of our suppliers are local (i.e. based on purchase volume), thereby increasing local purchases by 3% compared to FY2019. Considering the advantages of local purchases, we will be able to raise the standards by working closely with our suppliers, thereby ensuring a sustainable supply chain management in our operations.

Job Opportunities

Our success as an organisation has been well-depended on the support laid down by our employees. Hence, in order to expand our business and support the economy, we foster professional and personal advancements for our employees through skills enhancement training for people, as well as by making promote initiatives that help drive local growth by creating jobs. Of all the careers available within the Group, factory and maintenance work offer the most opportunities by far. Therefore, for the financial year ended 31 March 2020, the total number of employees in YLI had increased as follows:

Financial Year ended 31 March	2019	2020
Number of employees	199	209

The following details contributed to the increase in headcounts during the year:-
i. Finishing Department - 5 personnel
ii. Store Department - 1 personnel
iii. Sand Core Department - 4 personnel

The Group will continuously showcase our long-term gratitude towards appreciating efforts from employees in our success as we learn and adapt to further commitments in supporting our human resources.

Ethical Conduct of Business

With the persistent need for conformity in our business and standards, the employees of YLI are dedicated to retain the highest standard of ethics and professional conduct during their employment with the Group. Below entails our adherence to comply with the highest standard of business conduct that includes regulatory matters which relates, but not limited to the following:-

SUSTAINABILITY STATEMENT

ECONOMIC (CONT'D)

Ethical Conduct of Business (Cont'd)

YLI possess strict corporate ethics and code of conduct in placed that specifies employees and business associates' expected activities and behaviour. To adhere the organisation sustainability, annual self-evaluation was performed through internal group audit and external review conducted by SIRIM QAS International. Additionally, certain subsidiaries of the Group producing DI and MS pipes and fittings are certified under ISO 9001:2015 (Quality Management System) standard, adhering to the full requirements from SIRIM QAS International Sdn Bhd and GH Certification Sdn Bhd respectively. Through such robust measures, no audit issues were noted during the current financial year which requires corrective action in relation to the strict requirements under ISO 9001:2015 standard.

Pursuant to the introduction of the Malaysian Code on Corporate Governance 2017 ("MCCG"), Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and the Companies Act 2016, we are equipped and guided to embed best corporate governance practices into our business activities. The Board of Directors of YLI Holdings Berhad are dedicated in ensuring that all of our activities are carried out professionally and in compliance with all applicable laws, regulation and compliance act and code pertaining to corporate governance practices in an ethical manner. The Code of Ethics is reviewed annually, and to be amended whenever it is necessary to ensure its relevance and effectiveness.

As a result, in accordance with our ideology of strong commitment to an ethical and a transparent operating environment, we ensure that the Group's ethical standards are consistently complied in order for our business to operate effectively and efficiently in meeting the stakeholder's expectations and returns.

ENVIRONMENT

Environmental Conservation Initiatives

Environmental sustainability poses a legitimate risk that could hamper the growth and viability of our company. Hence, the Group acknowledges that complying with the environmental legislations and regulations are vital by minimizing the negative impact of the Group's environmental operations. The Department of the Environment ("DOE"), implemented self-regulation initiatives under the Guided Self-Regulation ("GSR") program to ensure that the Group's activities are compliant and operate in a way that would not have an adverse impact on environmental sustainability.

A vital point in our path to sustainable growth was our efforts to reduce pollutants and environmental hazards caused by our operations. Our environmental related approach is led by an Environmental Policy which was developed to define key environmental objectives for the relevant subsidiaries and served as a guideline in aligning and standardising our practices across the organisation. The establishment of the Environmental Regulatory Compliance Monitoring Committee ("ERCMC"), which supervises the implementation and effectiveness of the environment policy alongside the drafting of supplementary guidelines and the Environmental Performance Monitored Committee ("EPMC") for the monitoring of operation, maintenance and performance of pollution control systems as well as waste reduction targets, is one of our key measures in line with the Environmental Quality Act 1974 and the prevailing guidelines.

Additionally, the Group would seize any new opportunities to incorporate sustainable practices throughout our organisation. To further achieve reductions in our carbon footprint, we have equipped the necessary pollution control or treatment facility in our production plants which are subjected to ongoing upkeep and monitoring by our subject-matter-experts. Furthermore, dust bag filters have been installed around the production floor to restrict the release of harmful pollutants generated from the production process. Progressively, a third party vendor was engaged by the Group to perform a Stack Emission Monitoring Test for all the dust collectors during the year, which resulted in a favourable outcome that all targeted equipment were operating as intended, and generating emissions within the regulated limit. The Group will strive to improve on reducing our carbon footprint as operation progresses in order to ensure that all primary environmental legislation is complied.

Environmental Conservation Efforts

YLI is gravitate towards water and energy conservation, we are pursuing further to reduce our carbon footprint by investing in new opportunities for sustainable practices across our organization. A few commendable measures are taken into consideration to minimise any negative impact contributing to the environment, and to ensure that the business activities conducted are in compliance with the applicable rules and regulations as stipulated by authority bodies, for example, the Department of Safety and Health ("DOSH"), and DOE.

Therefore, the Group is committed to continuously promote a sustainable culture among its workers to further minimize carbon footprint by conserving energy, water and paper used by daily administrative operations, leading to a healthier climate.

SUSTAINABILITY STATEMENT

ENVIRONMENT (CONT'D)

Waste Management Practices

Our efforts to reduce pollutants and any environmental hazards that are consequently generated from our operations have been a focal point in our pathway to sustainability. In cohesion to this, the Group has placed appropriate waste control and monitoring processes via DOE's Electronic Scheduled Waste Information System ("ESWIS") to ensure the committed compliance of our business towards environmental sustainability. The function of the ESWIS system is accessible by the waste management controller, thereby leading to an effective means of managing the scheduled waste.

Currently in the production line, the Group monitors four types of scheduled waste that are manufactured in our production processes, i.e. lubricating oil, hydraulic oil, paint and paint waste. Such pollutants are collected in sealed bins that are numbered and kept in a specified area to safeguard against potential contamination towards the environment. Upon the initiation of disposal procedures, our designated personnel will monitor to ensure that the quantity of scheduled waste storage will be limited accordingly to the permitted capacity of maximum of 20 tonnes. Currently, each disposal is rendered by approved contractors who have been previously recorded and inspected in the ESWIS system.

Additionally, the Group has a continual improvement program to conserve the environment in the context of ductile iron pipe manufacturing by improving and enhancing the desired engineering properties consisted in the iron pipe, i.e. tensile strength, elongation and hardness. Therefore, it would preserve the working environment from being interrupted by technical difficulties that might affect environmental conservation of the factory. Despite that, ductile iron pipe has a higher mechanical properties that may last up to 50 years in service and contribute the least impact on the environment, this will assist to conserve resources, reduce waste and minimize environmental impact. The Group will continue to monitor the efficiency of the existing pollution control equipment in order to meet the required DOE's air quality standard.

Moreover, the Group is strictly in compliance with the relevant laws and regulations concerning waste management (i.e. Environmental Quality Act 1974 and Environmental Quality (Scheduled Waste) Regulation 2005). In fact, there are a range of emergency procedures in place to manage incidents or accidents relating to pollution (i.e. spillage events and contamination leakage). Thereby, no major waste or accident waste management events was being reported during the financial year ended 31 March 2020.

SOCIAL ENGAGEMENT

COVID-19 Mitigation Initiatives in FY2020

With the current COVID-19 pandemic in mind, our organization has taken precautionary steps to ensure the protection and wellbeing of our staff, who strive to support and maintain our supply chains running in the middle of this epidemic. The Group has conducted awareness trainings to all employees and implemented necessary SOP to reduce the risk of exposure to COVID-19. As to date, we noted that no COVID-19 cases have been recorded amongst our employees. The Group will remain alert and responsive to any new developments or changes.

Health and Safety Initiatives

The Group's priority is to provide our employees a healthy and secured working environment that is in line with the risk associated with our business nature. Our staffs remains essential for the long-term success and sustainability of the Group through an excellent customer service and consistent quality output for customers.

A few measures were taken to recognize, assess and respond to any possible dangers that may affect the health of our employees. The Group has taken essential steps to set up a Health and Safety Policy which stipulates the basic measures to guide our practices on maintaining health and safety pursuant to the requirements of applicable laws and regulations related to our operations such as the Occupational Safety and Health Act 1994, the Environmental Quality Act 1974 and the Factories and Machinery Act 1967.

A Health, Safety and Environment ("HSE") Committee is also established to oversee and administer practices and controls related to the maintenance of health, safety and environment element within the Group. An effective committee can help prevent injury and illness on the job; increase awareness of health and safety issues among workers, supervisors, and managers; and develop strategies to make the work environment safe and healthy. The Group is committed to reduce the work-related accidents or injury throughout the business operation, safety protection equipment such as mask, safety boots, safety helmets, gloves, ear plugs and goggles will be provided to our employees. Nonetheless, a regular maintenance and upkeep of safety equipment and fixtures will be conducted for all personal protection equipment provided to the Group's employees.

The Group has stepped up its enforcement action from prior years to better ensure that employees comply with these practices and advocate them through consistent trainings to minimize unwanted incidents or accidents. A proper monitoring and reporting mechanism for accidents has been developed and practiced in YLI according to the Occupational Safety and Health Act 1994 ("OSHA") requirements. Additionally, efforts are put in place to investigate each reported accident with the identification of root causes and implementation of operative remedial actions.

SUSTAINABILITY STATEMENT

SOCIAL ENGAGEMENT (CONT'D)

Health and Safety Initiatives (Cont'd)

Therefore, for the financial year ended 31 March 2020, the number of health and safety related incidents had maintained at 8, with details on accidents resulting in "medical leaves of 4 days or more" as follows:

Financial Year ended 31 March	2019	2020
Number of Incidents	8	8

YLI ensures that all protective equipment (i.e. mask, safety boots, etc.) were provided to all workers with proper instructions on the usage of such equipment. However, the following eight incidents in the current financial year were due to the worker's non-compliance on safety guidelines set by the Group, which resulted in minor injuries. Fortunately, none of the incidents had resulted in severe bodily injury or fatal injury (i.e. permanent disablement or death). Progressively, the Group will continue working to improve its health and safety strategy to sustain a safe working environment where our employees are able to perform their duties with confidence and ease of conscience.

Employees' Welfare and Wellbeing

YLI understands the vital values that employees play in propelling and sustaining an organisation's success. As employees are not only critical in achieving goals and objectives, but fundamental for the Group's long-term success and sustainability by providing excellent customer service and delivering consistent quality outputs for customers. Hence, for the objective of enhancing personal and career development of employees, YLI endeavour to promote equal recognition opportunity, diversity and fair treatment in our workplace and to provide our employees with the necessary tools and guidance in developing their career path with the Group.

One of our main initiatives is to welcome and encourage employees to provide their personal recommendation plan for continuous improvement and development. The Group strives to ensure that our staff are properly supported in expressing any reservations, concerns or suggestions with trust and confidentiality, for e.g. via our grievances and whistleblowing portals. This presents the Group with an opportunity to identify and address challenges that might have been overlooked. The Group has a whistleblowing policy that 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. As of 31 March 2020, there is no case being reported in relation to employees' wrongdoing or unethical activity in the Group.

YLI understands the importance of professional development and continuous improvement for each employee, hence each individual employee's training development needs are constantly evaluated and supervised by the department heads and the Human Resources Department. In addition to the current career progression and personal development opportunities, employees have access to regular trainings based on the needs arising from changes in regulations, customer requirements, product specifications, and so on.

Furthermore, in ensuring that all our employees are provided with the best opportunities to enhance their knowledge and soft-skills on managing the changing working environment, the following trainings were undertaken by the Group's employees during the financial year:

- Safe Forklift Driving
- Safety and Health Conference 2020 "Urbanising A Safer Future"
- Design Consideration in APCS & Natural Effect in Ducting
- Boss.Net – EA & BIK Seminar
- Scheduled Waste Analysis for Proper Waste Management & Disposal
- Understanding ISO 9001:2015 QMS Requirements
- Safe Chemical Handling & Spillage Control
- Hearing Conservation Training
- Occupational First Aid & CPR
- Effective Supervisory Skill
- 5 Core Tools

CONCLUSION

The Board acknowledges that the incorporation of sustainability into the Group's business is a constant and changing process and thus aims to ensure that our sustainability activities are in accordance with Bursa Malaysia's relevant guidelines. In order to improve our commitment to sustainability, material sustainability matters will be reassessed or recalibrated constantly and if appropriate new projects will be established. We are confident that our company's continuous learning and growth are set in the right direction and will therefore further channel our efforts towards a sustainable future.

FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH				
	2020 RM'000	**2019 RM'000**	**2018 RM'000**	**2017 RM'000**	**2016 RM'000**
Revenue	**97,120**	113,000	108,735	106,649	128,235
(Loss)/Profit Before Tax	**(10,349)**	(25,939)	(12,213)	3,613	(3,951)
(Loss)/Profit After Tax Attributed to Shareholders	**(7,837)**	(18,028)	(8,659)	5,180	(2,031)
Shareholders' Funds	**121,475**	129,312	148,295	157,482	153,326
Total Asset Employed	**200,357**	208,765	232,299	240,587	220,280
(Loss)/Profit After Tax as a Percentage of Shareholders' Funds (%)	**(6.5)**	(13.9)	(5.8)	3.3	(1.3)
Basic/Diluted (Loss)/Earnings Per Share (sen)	**(7.62)**	(17.53)	(8.42)	5.07	(2.00)
Net Assets Per Share (RM)	**1.18**	1.26	1.44	1.53	1.51
No. of Shares in Issue (Net of Treasury Shares)	**102,830**	102,830	102,830	102,830	101,340

OUR PERFORMANCE

			2020 RM'000	**2019 RM'000**	**% CHANGE**
INCOME STATEMENT	Revenue		**97,120**	113,000	(14.1)
	Loss Before Tax		**(10,349)**	(25,939)	(60.1)
	Loss After Tax Attributed to Shareholders		**(7,837)**	(18,028)	(56.5)
BALANCE SHEET	Shareholders' Funds		**121,475**	129,312	(6.1)
	Total Assets Employed		**200,357**	208,765	(4.0)
RATIOS	Current Ratio	times	**1.41**	1.56	(9.6)
	Return on Equity	%	**(6.45)**	(13.94)	(53.7)
	Return on Total Assets	%	**(3.91)**	(8.64)	(54.7)
	Financial Leverage Ratio	times	**0.39**	0.34	14.7
	Basic/Diluted Loss Per Share	sen	**(7.62)**	(17.53)	(56.5)
	Net Tangible Asset Per Share	RM	**1.18**	1.26	(6.3)
	31 March Closing Price	RM	**0.190**	0.280	(32.1)

BOARD OF DIRECTORS

SEATED, FROM LEFT TO RIGHT

MR. SEAH HENG CHIN
Managing Director
Non-Independent Executive Director

DATO' HJ. SAMSURI BIN RAHMAT
Chairman
Non-Independent Non-Executive Chairman

STANDING, FROM LEFT TO RIGHT

DATUK HJ JALALUDIN BIN HJ IBRAHIM
Independent Non-Executive Director

TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE BIN LAIDIN
Independent Non-Executive Director

ENCIK MOHAMMAD KHAYAT BIN IDRIS
Independent Non-Executive Director

DR ABDUL LATIF BIN SHAIKH MOHAMED
Independent Non-Executive Director

PROFILE OF DIRECTORS

DATO' HJ. SAMSURI BIN RAHMAT

Malaysian, male, aged 65
Non-Independent Non-Executive Chairman

Dato' Hj. Samsuri bin Rahmat was appointed as the Chairman of YLI Holdings Berhad on 3 January 2020. He was formerly the Managing Director of the Company. He graduated with a Bachelor of Science (Honors) 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 has 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. 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 does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all seven Board Meetings for the financial year ended 31 March 2020.

MR SEAH HENG CHIN

Malaysian, male, aged 46
Managing Director
Non-Independent Executive Director

Mr Seah Heng Chin was appointed as Executive Director on 14 November 2014 and was redesignated to the Managing Director on 3 January 2020. He graduated with a Bachelor of Art (Hons) Business Administration from Coventry University in 1997. He is a FCCA member and member of MIA. He also holds a Master's degree in Business Administration from Strathclyde University, Scotland.

He has over twenty years of working experience in both accounting and audit related field for various industries. Prior to his appointment as a Director, he was holding the post of Financial Controller since June 2008 in Yew Lean Foundry & Co. Sdn. Bhd., a wholly owned subsidiary of YLI Holdings Berhad.

As the 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 does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all seven Board Meetings for the financial year ended 31 March 2020.

PROFILE OF DIRECTORS

TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE BIN LAIDIN

Malaysian, male, aged 77
Independent Non-Executive Director

Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin was appointed to the Board on 24 February 2009. He is the Chairman of the Nomination Committee and a member of Audit Committee and Remuneration Committee of YLI Holdings Berhad.

He holds a Master of Science in Technological Economies (Management & Industrial Science), University of Stirling and is a registered Professional Engineer with the Board of Engineers Malaysia.

He is an Honorary Fellow of the Institution of Engineers, Malaysia, as well as Academy of Sciences Malaysia and is currently serving in the councils of both bodies. He was elected as a Senior Fellow of the Academy that entitled him to be called Academician.

From the United Kingdom, he was awarded the Degree of Doctor of the University by University of Stirling, the Honorary Degree of Doctor of Technology by Oxford Brookes University, and the Honorary Doctor of Letters by the Manchester Metropolitan University as well as Honorary Professor of Napier University, United Kingdom. From Malaysia, he received the Honorary Doctorate in Electrical Engineering given by Universiti Teknologi MARA and the Honorary Doctorate from Universiti Teknikal Malaysia Melaka.

He is the past President of the Federation of Engineering Institutions of Southeast Asia and the Pacific ("FEISEAP") and a past President of Institution of Engineers, Malaysia ("IEM") as well as the Honorary Fellow of the ASEAN Federation of Engineering Organizations.

He is currently a Board member of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. ("SMART") and Universiti Tenaga Nasional Sdn. Bhd. and is Chairman of ERINCO Sdn. Bhd.. In 2015 he was appointed by the Government to be President of Malaysia Board of Technologists.

Academically, he is a member of the International Academic Advisory Committee to Universiti Teknologi Petronas, the current Secretary General of the Academy of Sciences Malaysia and a Senior Advisor of Open University Malaysia.

Saved as disclosed above, he does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended six Board Meetings for the financial year ended 31 March 2020.

PROFILE OF DIRECTORS

ENCIK MOHAMMAD KHAYAT BIN IDRIS

Malaysian, male, aged 67
Independent Non-Executive Director

Encik Mohammad Khayat bin Idris was appointed to the Board on 9 June 2008. He is the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee of YLI Holdings Berhad.

He graduated with a Bachelor of Engineering (Honors) degree from Universiti Teknologi Malaysia in 1977. He also holds a Master of Science degree in electrical power engineering from University of Strathclyde, United Kingdom.

He has over twenty five years of illustrious working experience in the academic profession. He joined Institut Teknologi Mara as a lecturer in Electrical Engineering Power in 1977 and had since held key positions within the organization. Prior to his appointment as a Director of YLI Holdings Berhad, he was the Deputy Director of Development in UiTM.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all seven Board Meetings for the financial year ended 31 March 2020.

DR ABDUL LATIF BIN SHAIKH MOHAMED

Malaysian, male, aged 60
Independent Non-Executive Director

Dr Abdul Latif bin Shaikh Mohamed was appointed to the Board on 20 November 2017. He is the Chairman of the Audit Committee and a member of Nomination Committee and Remuneration Committee of YLI Holdings Berhad.

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, Dr Abdul Latif bin Shaikh Mohamed 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 before his retirement in 2015.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all seven Board Meetings for the financial year ended 31 March 2020.

PROFILE OF DIRECTORS

DATUK HJ JALALUDIN BIN HJ IBRAHIM

Malaysian, male, aged 63
Independent Non-Executive Director

Datuk Hj Jalaludin bin Hj Ibrahim was appointed to the Board on 3 January 2020.

He graduated with a Bachelor of Science (Honors) 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 over twenty eight 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, Head of Criminal Investigation Officer of Police District Brickfield, Head of Counter Terrorism Unit in Royal Malaysian Police, Assistant Director of Special Branch and Officer In-Charge of Police District ("OCPD") Ipoh.

He was appointed as the Chief Executive Officer of Felda Global Venture Security Services Sdn. Bhd. from 2013 to 2019. He is currently an Advisor of FGV Security Services Sdn. Bhd.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended one Board Meeting for the financial year ended 31 March 2020.

KEY SENIOR MANAGEMENT

MR KHOR SONG SIM

Malaysian, male, aged 53
Operations Director, Yew Lean Foundry & Co. Sdn. Bhd.

Mr Khor Song Sim is the Operations Director of Yew Lean Foundry & Co. Sdn. Bhd., a wholly owned subsidiary of YLI Holdings Berhad. He graduated with a Bachelor of Commerce degree in Accounting & Finance (with merit) from University of New South Wales, Australia in 1992.

He has over twenty-seven 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. Prior to his appointment as Operations Director on 2 January 2020, he was holding the position of Senior General Manager - Corporate Services in Yew Lean Foundry & Co. Sdn. Bhd..

He does not hold any directorship in any public companies and listed issuers. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year.

EN ANUAR SHUKRY ISMAIL

Malaysian, male, aged 49
Operations Director, MRPI Pipes Sdn. Bhd.

En Anuar Shukry Ismail is the Operations Director of MRPI Pipes Sdn. Bhd., a 70% owned subsidiary of YLI Holdings Berhad. He graduated with a Bachelor of Science degree in Mechanical Engineering from University of Missouri-Rolla, United States in 1994.

He joined MRPI Pipes Sdn. Bhd. (formerly known as Musa & Rahman Plastic Industries Sdn. Bhd.) in 1994 as a 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. He was appointed as Operations Director on 2 January 2020.

He does not hold any directorship in any public companies and listed issuers. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year.

MR TEO KEE HENG

Malaysian, male, aged 47
Assistant General Manager, Laksana Wibawa Sdn. Bhd.

Mr Teo Kee Heng is the Assistant General Manager of Laksana Wibawa Sdn. Bhd., a 51% owned subsidiary of YLI Holdings Berhad. He graduated with a Diploma in Materials Engineering from Tunku Abdul Rahman College in 1997 and received his Master of Science degree (with merit) in Engineering and Manufacturing Management from Coventry University, England in 2001.

He has over nineteen years of working experience in piping for waterworks and sewerage industry covering sales and marketing, project and engineering as well as manufacturing and operations. Prior to his appointment as Assistant General Manager on 1 March 2019, he was holding the position of Senior Manager - Sales/Marketing & Business Development in Laksana Wibawa Sdn. Bhd..

He does not hold any directorship in any public companies and listed issuers. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year.

FINANCIAL CALENDAR

FINANCIAL YEAR END	31 March 2020	
ANNUAL GENERAL MEETING	28 September 2020	
ANNOUNCEMENT OF RESULTS	**First Quarter**	28 August 2019
	Second Quarter	27 November 2019
	Third Quarter	28 February 2020
	Fourth Quarter	25 June 2020
ANNUAL REPORT	**Date of Issuance**	27 August 2020

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 2020.

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 32 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; and
v. 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 six (6) directors, of whom four (4) 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 2020, seven (7) Board Meetings were held. Details of the attendance of Directors at the Board Meetings are as follows:-

	Board of Directors' Meeting		May' 19	Jun' 19	16 Aug' 19	28 Aug' 19	Nov' 19	Jan' 20	Feb' 20	
	Directors	Position	Attendance							Total
1	Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	Non-Executive Chairman	•	•	•	•	•	•	Resigned on 03.01.20	6/6
2	Dato' Hj Samsuri bin Rahmat	Managing Director	•	•	•	•	•	•	Redesignated to Non Independent Non Executive Chairman on 03.01.20	7/7
3	Tuan Haji Ali Sabri bin Ahmad	Executive Director	•	•	•	•	•	•	Resigned on 03.01.20	6/6
4	Seah Heng Chin	Executive Director	•	•	•	•	•	•	Redesignated to Managing Director on 03.01.20	7/7

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)

During the financial year ended 31 March 2020, seven (7) Board Meetings were held. Details of the attendance of Directors at the Board Meetings are as follows (cont'd):-

	Board of Directors' Meeting		May' 19	Jun' 19	16 Aug' 19	28 Aug' 19	Nov' 19	Jan' 20	Feb' 20	
	Directors	Position	Attendance							Total
5	Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Director	•	•	•	•	-	•	•	6/7
6	Mohammad Khayat bin Idris	Director	•	•	•	•	•	•	•	7/7
7	Dr Abdul Latif bin Shaikh Mohamed	Director	•	•	•	•	•	•	•	7/7
8	Datuk Hj Jalaludin bin Hj Ibrahim	Director							Appointed on 03.01.20	1/1

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"). The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 March 2020, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Directors	Types of training
Dato' Hj Samsuri bin Rahmat Seah Heng Chin Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin Mohammad Khayat bin Idris Dr Abdul Latif bin Shaikh Mohamed	1. Roles and Responsibilities of Directors in relation to Financial Statements; 2. General Understanding of Section 17A MACC Act; and 3. Detecting Financial Fraud
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir Tuan Hj Ali Sabri bin Ahmad	1. Roles and Responsibilities of Directors in relation to Financial Statements; and 2. General Understanding of Section 17A MACC Act;
Datuk Hj Jalaludin bin Hj Ibrahim	1. Detecting Financial Fraud

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 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. 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 two (2) directors, namely Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin and Encik Mohammad Khayat bin Idris who are due for retirement but shall be eligible for re-election at the forthcoming AGM to be held on 28 September 2020.

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)

During the financial year ended 31 March 2020, the Nomination Committee held three (3) 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, 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 Committee and each of its Members.
(6) Reviewed the Terms of Reference of Nomination Committee.
(7) Reviewed and recommended the resignation, re-designation and appointment of Directors.
(8) Reviewed and recommended the reappointment of Directors as Independent Non-Executive Director.
(9) Conducted the annual assessment of the Company Secretary.
(10) Reviewed the training needs of the Directors.

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.

The Gender Diversity Policy, the Code of Conduct for Directors and whistleblowing policy have been established and published on the Company's website www.yli.com.my.

The Board has justified and sought shareholders' approval at the forthcoming Annual General Meeting of the Company to retain its independent directors who have served on the Board for a cumulative term of more than nine (9) years. At present, one of the Independent Director has exceeded the twelve (12) years tenure. The Board will seek for shareholders' approval through a two-tier voting process to retain the said Director as an Independent Director.

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 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 2020 is disclosed below:-

	Director's Fee (RM)	Salary and Other Emoluments (RM)	Contribution to Defined Contribution Plans (RM)	Benefit-in-Kind (RM)
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	4,500	297,097	-	131,000
Dato' Hj Samsuri bin Rahmat	39,250	563,670	85,959	68,950
Tuan Hj Ali Sabri bin Ahmad	31,739	348,239	52,236	53,950
Seah Heng Chin	23,011	364,228	55,928	35,525
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	6,000	32,000	-	20,000
Mohammad Khayat bin Idris	6,000	33,000	-	20,000
Dr Abdul Latif bin Shaikh Mohamed	6,000	38,000	-	-
Datuk Hj Jalaludin bin Hj Ibrahim	1,500	6,871	-	-
Total	118,000	1,683,105	194,123	329,425

However, the Board departed Practice 7.2 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.

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 top 5 senior management's remuneration in bands of RM50,000 are disclosed as follows:-

Top 5 senior management	Number of Senior Management
RM50,001 – RM100,000	1
RM150,001 – RM200,000	1
RM200,001 – RM250,000	2
RM300,001 – RM350,000	1

Principle B – Effective Audit and Risk Management

YLI has an effective and independent Audit Committee. As the Chairman of the Audit Committee is not the Chairman of the Board, all members of the Audit 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 Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. The Audit Committee has assessed the suitability, objectivity and independence of the external auditors.

The Terms of Reference of the Audit 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. The IAF team is headed by an Executive Director - Advisory who is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants and is assisted by three (3) staffs 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 Committee.

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

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

YLI had issued the Notice of its 24th Annual General Meeting ("AGM") and Annual Report to the shareholders more than 28 days before the AGM and all Directors had attended the AGM to provide opportunities for shareholders to effectively engage each Director. The External Auditors also presented to provide their professional and independent clarification on issues and concerns raised by the shareholders.

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.

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 25 June 2020.

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 major shareholders' interests.

c) **Recurrent Related Party Transactions of Revenue 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 fees and non-audit fees paid or payable to the External Auditors by the Company and the Group for the financial year ended 31 March 2020 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	156,000	62,500
Non-Audit Fees	11,425	5,000

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

AUDIT COMMITTEE REPORT

Chairman

Dr Abdul Latif bin Shaikh Mohamed
Independent Non-Executive Director

Members

Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin
Independent Non-Executive Director

Encik Mohammad Khayat bin Idris
Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee can be viewed in the Board Charter in the Company's website at www.yli.com.my.

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

For the financial year ended 31 March 2020, four (4) Audit Committee meetings were held.

The attendance of each member is set out below:

Committee Members	Position	Attendance May '19	Attendance Aug '19	Attendance Nov '19	Attendance Feb '20	Total
Dr Abdul Latif bin Shaikh Mohamed	Chairman	•	•	•	•	4/4
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Member	•	•	-	•	3/4
Mohammad Khayat bin Idris	Member	•	•	•	•	4/4

Total number of meetings held: 4

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee ("AC") 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 2020 as follows:-

1. The AC 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 2019, 1st quarter ended 30 June 2019, 2nd quarter ended 30 September 2019 and 3rd quarter ended 31 December 2019 were reviewed by the AC at their meetings held on 28 May 2019, 27 August 2019, 27 November 2019 and 28 February 2020.

2. At the AC Meeting held on 28 May 2019, the AC discussed with the external auditors their Audit Review Memorandum. The AC also reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report and recommended to the Board for approval and for inclusion in the 2019 Annual Report. The AC also approved the Internal Audit Plan for 2020. The AC received the Progress Update Summary of the Sustainability Report from the Internal Auditors. The AC also recommended the external auditors to be re-appointed at the annual general meeting of the Company to be held in 2019. The AC also reviewed the Terms of Reference of the AC. The AC reviewed the Business Plan and Budget for Financial Year Ended 31 March 2020 and recommended the same to the Board.

3. At the AC meeting held on 27 August 2019, the AC received the report on the Internal Control Review on Procure to Pay of Yew Lean Foundry & Co. Sdn. Bhd. from the Internal Auditors.

4. At the AC meeting held on 27 November 2019, the AC received the report on the Internal Control Review on Inventory Management of Laksana Wibawa Sdn. Bhd. from the Internal Auditors.

5. At the AC meeting held on 28 February 2020, the AC received the report on the Internal Control Review on Procure to Pay of Haluan Prisma Sdn. Bhd.. The AC also reviewed and agreed the adequacy of the scope, functions, competency and resources of the Internal Auditors were satisfactory and that their appointment be maintained. The AC has also received the External Audit Plan for the year ending 31 March 2020 from the External Auditors.

AUDIT COMMITTEE REPORT

SUMMARY OF WORKS OF THE AUDIT COMMITTEE (CONT'D)

6. At each quarterly meeting, the AC 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 2020.

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 RM54,845 for the year ended 31 March 2020.

The Group's internal audit activities are mainly carried out in accordance with the annual audit plan that has been tabled to the AC for its review and approval and selected ad-hoc audits on management's requests. The internal auditor 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 auditor reports directly to the AC and assists the AC to monitor and manage risks and provide the AC with independent views on the effectiveness of the system of internal control after their reviews. The internal audit findings and recommendations of the internal auditor are reviewed quarterly by the AC and their recommendations for improvements on control and minutes of AC meetings are circulated to the Board.

The internal auditors carried out their duties during the financial year ended 31 March 2020 in accordance with their Internal Audit Plan and a summary of their activities are as follows:-

(a) On 28 May 2019, the Internal Auditor presented to the AC their report on Sustainability Statement that was prepared in line with Practice 9 of the Main Market Listing Requirements.

(b) On 27 August 2019, the Internal Auditor presented to the AC their report on Internal Control Review on Yew Lean Foundry & Co. Sdn. Bhd. - Procure to Pay. They also informed the AC that all previous audit findings had been followed-up and implemented accordingly.

(c) On 27 November 2019, the Internal Auditor presented to the AC the Internal Control Review Report on Inventory Management of Laksana Wibawa Sdn. Bhd..

(d) On 28 February 2020, the Internal Auditor briefed the AC on the findings in respect of their scope of review on Procure to Pay of Haluan Prisma Sdn. Bhd..

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on 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: Guidelines for Directors of Listed Issuers, the Board of Directors ("the Board") 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 ("Bursa Malaysia").

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. 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;
- Monthly 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 of Bursa Malaysia, the External Auditors have reviewed this statement on Risk Management and Internal Control. Their review engagement was performed pursuant to the scope set out in 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 issued by the Malaysian Institute of Accountants.

Based on their limited assurance engagement, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this statement is not prepared, in all material aspects, 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, nor is the 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 2020. 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 25 June 2020.

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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2020.

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. 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 activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year	**(10,115)**	**(87)**
Attributable to:		
Owners of the Company	**(7,837)**	**(87)**
Non-controlling interests	**(2,278)**	**-**
	(10,115)	**(87)**

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 2020.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

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 all known bad debts had been written off 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 the amount written off for bad debts or 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were 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 (2019: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2019: RM107,620).

As at 31 March 2020, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2019: 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' Hj. Samsuri bin Rahmat *
Mohammad Khayat bin Idris
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin
Seah Heng Chin *
Dr Abdul Latif bin Shaikh Mohamed
Datuk Hj Jalaludin bin Hj Ibrahim (Appointed on 3 January 2020)
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir (Retired on 3 January 2020)
Tuan Haji Ali Sabri bin Ahmad * (Resigned on 3 January 2020)

* 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
Zainuddin bin Othman
Radin Muhd Nur Amri bin Radin Abd Khalim
Hong Gaik Im

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 2019 '000	BOUGHT '000	SOLD '000	AT 31 MARCH 2020 '000
Deemed Interest:				
Dato' Hj. 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 the 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 disclosed in Note 24 to the financial statements) 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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no payment has been made to indemnify the Directors and Officers of the Company.

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 EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO END OF REPORTING PERIOD

Details of significant events during the financial year and subsequent to end of reporting period are disclosed in Note 33 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 23 to the financial statements.

INDEMNITY TO AUDITORS

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

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' HJ. SAMSURI BIN RAHMAT
Director

SEAH HENG CHIN
Director

Date: 11 August 2020

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**76,714**	75,809	**-**	-
Investment in subsidiaries	6	**-**	-	**72,197**	69,108
Total non-current assets		**76,714**	75,809	**72,197**	69,108
Current assets					
Inventories	8	**54,349**	50,033	**-**	-
Current tax assets		**345**	1,209	**5**	9
Trade and other receivables	9	**45,395**	50,538	**60**	61
Contract assets	10	**8,471**	7,317	**-**	-
Cash and short-term deposits	11	**15,083**	23,859	**714**	4,727
Total current assets		**123,643**	132,956	**779**	4,797
TOTAL ASSETS		**200,357**	208,765	**72,976**	73,905
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	**110,159**	110,159	**110,159**	110,159
Treasury shares	13	**(108)**	(108)	**(108)**	(108)
Other reserves	14	**(1,467)**	(1,467)	**(1,467)**	(1,467)
Retained earnings/(Accumulated losses)		**12,891**	20,728	**(35,736)**	(35,649)
		121,475	129,312	**72,848**	72,935
Non-controlling interests		**(9,906)**	(7,628)	**-**	-
TOTAL EQUITY		**111,569**	121,684	**72,848**	72,935
Non-current liabilities					
Deferred tax liabilities	15	**763**	1,025	**-**	-
Loans and borrowings	16	**613**	930	**-**	-
Total non-current liabilities		**1,376**	1,955	**-**	-
Current liabilities					
Provision of legal claim	18	**1,178**	-	**-**	-
Trade and other payables	19	**28,944**	28,363	**128**	130
Contract liabilities	10	**10,729**	13,209	**-**	-
Contingent consideration payables	17	**-**	840	**-**	840
Loans and borrowings	16	**46,560**	42,713	**-**	-
Currrent tax liabilities		**1**	1	**-**	-
Total current liabilities		**87,412**	85,126	**128**	970
TOTAL LIABILITIES		**88,788**	87,081	**128**	970
TOTAL EQUITY AND LIABILITIES		**200,357**	208,765	**72,976**	73,905

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

STATEMENTS OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 March 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Revenue	20	**97,120**	113,000	**161**	261
Cost of sales	21	**(93,275)**	(124,052)	**-**	-
Gross profit/(loss)		**3,845**	(11,052)	**161**	261
Other income		**1,379**	2,634	**865**	179
Selling and distribution expenses		**(2,172)**	(2,636)	**-**	-
Administrative expenses		**(10,174)**	(11,867)	**(1,113)**	(6,057)
Net of impairment losses on financial assets		**5**	(252)	**-**	-
Operating loss		**(7,117)**	(23,173)	**(87)**	(5,617)
Finance costs	22	**(3,232)**	(2,758)	**-**	-
Share of results of a joint venture, net of tax		**-**	(8)	**-**	-
Loss before tax	23	**(10,349)**	(25,939)	**(87)**	(5,617)
Income tax expense	25	**234**	4,197	**-**	-
Loss for the financial year		**(10,115)**	(21,742)	**(87)**	(5,617)
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Share of foreign currency translation of a joint venture		**-**	5	**-**	-
Reclassification adjustments of exchange translation reserve		**-**	(960)	**-**	-
Other comprehensive loss for the financial year		**-**	(955)	**-**	-
Total comprehensive loss for the financial year		**(10,115)**	(22,697)	**(87)**	(5,617)
Loss attributable to:					
Owners of the Company		**(7,837)**	(18,028)	**(87)**	(5,617)
Non-controlling interests		**(2,278)**	(3,714)	**-**	-
		(10,115)	(21,742)	**(87)**	(5,617)
Total comprehensive loss attributable to:					
Owners of the Company		**(7,837)**	(18,983)	**(87)**	(5,617)
Non-controlling interests		**(2,278)**	(3,714)	**-**	-
		(10,115)	(22,697)	**(87)**	(5,617)
Loss per share attributable to owners of the Company (sen):					
- Basic	26	**(7.62)**	(17.53)		
- Diluted	26	**(7.62)**	(17.53)		

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2020

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 2019	110,159	(108)	(1,467)	20,728	129,312	(7,628)	121,684
Total comprehensive loss for the financial year	-	-	-	(7,837)	(7,837)	(2,278)	(10,115)
At 31 March 2020	**110,159**	**(108)**	**(1,467)**	**12,891**	**121,475**	**(9,906)**	**111,569**

GROUP	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2018	110,159	(108)	(1,467)	955	38,756	148,295	(3,914)	144,381
Total comprehensive loss for the financial year								
Loss for the financial year	-	-	-	-	(18,028)	(18,028)	(3,714)	(21,742)
Other comprehensive loss for the financial year	-	-	-	(955)	-	(955)	-	(955)
Total comprehensive loss	-	-	-	(955)	(18,028)	(18,983)	(3,714)	(22,697)
Total transactions with owners	-	-	-	(955)	(18,028)	(18,983)	(3,714)	(22,697)
At 31 March 2019	**110,159**	**(108)**	**(1,467)**	**-**	**20,728**	**129,312**	**(7,628)**	**121,684**

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 2018	110,159	(108)	(1,467)	(30,032)	78,552
Loss for the financial year	-	-	-	(5,617)	(5,617)
At 31 March 2019	110,159	(108)	(1,467)	(35,649)	72,935
Loss for the financial year	-	-	-	(87)	(87)
At 31 March 2020	**110,159**	**(108)**	**(1,467)**	**(35,736)**	**72,848**

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

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 March 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Cash flows from operating activities					
Loss before tax		**(10,349)**	(25,939)	**(87)**	(5,617)
Adjustments for:					
Bad debts written off		**16**	274	**-**	-
Depreciation of property, plant and equipment		**3,639**	5,504	**-**	-
Expected credit losses on trade and other receivables		**32**	334	**-**	-
Fair value gain on remeasurement of contingent consideration payables		**(840)**	(60)	**(840)**	(60)
Gain on derecognition of a joint venture		**-**	(880)	**-**	(80)
Gain on disposal of property, plant and equipment		**(7)**	(14)	**-**	-
Impairment loss on investment in subsidiaries		**-**	-	**-**	4,972
Impairment loss on property, plant and equipment		**200**	1,198	**-**	-
Interest income		**(422)**	(572)	**(51)**	(151)
Interest expense		**3,232**	2,758	**-**	-
Reversal of expected credit losses on trade and other receivables		**(37)**	(82)	**-**	-
Property, plant and equipment written off		**-**	5	**-**	-
Provision of legal claim		**1,178**	-	**-**	-
Share of results of a joint venture		**-**	8	**-**	-
Unrealised gain on foreign exchange		**(104)**	(104)	**(59)**	(39)
Operating loss before changes in working capital		**(3,462)**	(17,570)	**(1,037)**	(975)
Changes in working capital:					
Inventories		**(4,316)**	(454)	**-**	-
Trade and other receivables		**5,141**	15,623	**(60)**	2
Contract assets		**(1,154)**	(357)	**-**	-
Trade and other payables		**602**	(5,440)	**(2)**	-
Contract liabilities		**(2,480)**	(4,117)	**-**	-
Net cash flows used in operations		**(5,669)**	(12,315)	**(1,099)**	(973)
Income tax refund/(paid)		**836**	(552)	**4**	28
Interest paid		**(3,232)**	(2,758)	**-**	-
Interest received		**422**	572	**51**	151
Net cash used in operating activities		**(7,643)**	(15,053)	**(1,044)**	(794)
Cash flows from investing activities					
(Advances to)/Repayment from subsidiaries		**-**	-	**(3,028)**	660
Purchase of property, plant and equipment	(b)	**(4,591)**	(1,592)	**-**	-
Distribution from joint venture		**-**	-	**-**	80
Proceeds from disposal of property, plant and equipment		**98**	22	**-**	-
Withdrawal of fixed deposits with licensed bank		**-**	335	**-**	-
Net cash (used in)/generated from investing activities		**(4,493)**	(1,235)	**(3,028)**	740

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 March 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Cash flows from financing activities	(c)				
Drawdown of short-term borrowing		**2,470**	11,120	**-**	-
Repayment of finance lease		**(512)**	(381)	**-**	-
Placement of sinking fund		**-**	(61)	**-**	-
Placement of deposits pledged for credit facilities		**(325)**	(490)	**-**	-
Net cash generated from financing activities		**1,633**	10,188	**-**	-
Net decrease in cash and cash equivalents		**(10,503)**	(6,100)	**(4,072)**	(54)
Cash and cash equivalents at the beginning of the financial year		**12,044**	18,048	**4,727**	4,742
Effects of exchange rate changes on cash and cash equivalents		**74**	96	**59**	39
Cash and cash equivalents at the end of the financial year	(a)	**1,615**	12,044	**714**	4,727

(a) Cash and cash equivalents

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

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Short-term deposits		**9,020**	14,847	**500**	3,000
Cash and bank balances	11	**6,063**	9,012	**214**	1,727
		15,083	23,859	**714**	4,727
Less: Fixed deposits and bank balances pledged for credit facilities		**(3,833)**	(3,607)	**-**	-
Deposits with maturity periods more than 3 months		**(4,144)**	(4,045)	**-**	-
Bank overdrafts	16	**(5,491)**	(4,163)	**-**	-
		1,615	12,044	**714**	4,727

(i) The short-term deposits of the Group and of the Company bear effective interest at rates ranging from 2.15% to 3.68% (2019: 2.95% to 3.68%) and 2.15% to 3.68% (2019: 3.25% to 3.68%) per annum respectively and mature within 1 month to 12 months (2019: 1 month to 12 months) and 1 month to 3 months (2019: 1 month to 3 months) respectively.

(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 RM3,086,960 and RM745,784 (2019: RM2,930,279 and RM676,852) 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 10% 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 ranging at 3.35% (2019: 2.95% to 3.35%) per annum and mature at 12 months.

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 March 2020

(b) Purchase of property, plant and equipment:

	GROUP 2020 RM'000	GROUP 2019 RM'000
Cash payments on purchase of property, plant and equipment	**4,591**	1,592

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM571,664.

(d) Reconciliation of liabilities arising from financing activities:

	1 APRIL 2019 RM'000	EFFECT OF ADOPTION OF MFRS 16 RM'000	CASH FLOWS RM'000	NON CASH ADDITION RM'000	31 MARCH 2020 RM'000
Group					
Lease liabilities/ Finance lease liabilities	**1,297**	244	(512)	-	**1,029**
Short-term borrowings	**38,183**	-	2,470	-	**40,653**
	39,480	244	1,958	-	**41,682**

	1 APRIL 2018 RM'000	CASH FLOWS RM'000	NON CASH ADDITION RM'000	31 MARCH 2019 RM'000
Group				
Finance lease liabilities	**1,678**	(381)	-	**1,297**
Short-term borrowings	**27,063**	11,120	-	**38,183**
	28,741	10,739	-	**39,480**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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. 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 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 11 August 2020.

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 new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRS</u>

MFRS 16	Leases

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int 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, except for those as discussed below.

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease.*

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 16 Leases (Cont'd)

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 April 2019. Existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

<u>*For leases that were classified as operating lease under MFRS 117*</u>

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 16 Leases (Cont'd)

Impact of the adoption of MFRS 16 (Cont'd)

(i) Classification and measurement (Cont'd)

For leases that were classified as operating lease under MFRS 117 (Cont'd)

The Group also applied the following practical expedients wherein they:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;
(b) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117

The Group recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of land and building, machinery and office equipment that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The effects of adoption of MFRS 16 as at 1 April 2019 (increase/(decrease)) are as follows:

	GROUP INCREASE/ (DECREASE) RM'000
Asset	
Non-current asset	
Property, plant and equipment	244
Total non-current asset	244
Current liability	
Loans and borrowings	244
Total current liability	244

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 April 2019 is 4.60%.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 16 Leases (Cont'd)

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 March 2019, as follows:

	GROUP RM'000
Asset	
Operating lease commitments as at 31 March 2019	530
Adjustment for discounting based on weighted average incremental borrowing rate as at 1 April 2019	(9)
Discounted operating lease commitments/Lease liabilities as at 1 April 2019	521
Less:	
Commitments relating to short term leases	(277)
Lease liabilities as at 1 April 2019	244

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

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 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#/ 1 January 2022^
MFRS 3	Business Combinations	1 January 2020/ 1 January 2021#/ 1 January 2022
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021#/ 1 January 2022^
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 16	Leases	1 June 2020*/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2021#/ 1 January 2022
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2021#/ 1 January 2022

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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)

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 119	Employee Benefits	1 January 2021#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2021#/ 1 January 2022
MFRS 138	Intangible Assets	1 January 2021#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*
* *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- MFRS 9 *Financial Instruments* - clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.

- MFRS 141 *Agriculture* - removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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)

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures

The Malaysian Accounting Standards Board has issued *Interest Rate Benchmark Reform* (Amendments to MFRS 9, MFRS 139 and MFRS 7).

The *Interest Rate Benchmark Reform* amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rates reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, entities are not required to apply the MFRS 139 retrospective assessment but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80 - 125% range during the period of uncertainty arising from the reform.

Amendment to MFRS 16 Leases

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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)

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including "obscuring information" in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

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.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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 the they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except for those 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 2020

3. SUMMARY OF 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and joint ventures are 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(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

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF 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)

Debt instruments (Cont'd)

- **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.

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 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF 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):

(ii) Financial liabilities (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(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:

Flats and buildings	2% - 2.5%
Renovation	10%
Plant, machinery, tools and equipment	2% - 33.3%
Furniture and fittings	5% - 20%
Office and other equipment	8% - 33.3%
Motor vehicles	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.

3.6 Leases

(a) Definition of lease

Accounting policies applied from 1 April 2019

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.

Accounting policies applied until 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

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.

(b) Lessee accounting

Accounting policies applied from 1 April 2019

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Accounting policies applied from 1 April 2019 (Cont'd)

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 16 to the financial statements.

Right-of-use asset

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.

Lease liability

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Accounting policies applied from 1 April 2019 (Cont'd)

Lease liability (Cont'd)

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.

Accounting policies applied until 31 March 2019

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group and the Company do not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(c) Lessor accounting

Accounting policies applied from 1 April 2019

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(c) Lessor accounting (Cont'd)

Accounting policies applied from 1 April 2019 (Cont'd)

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.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Accounting policies applied until 31 March 2019

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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.

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 borrower 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (Cont'd)

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

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 borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Provisions (Cont'd)

(a) Contingent liability

A contingent liability acquired in a business combination is initially measured at fair value at the acquisition date. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with MFRS 137 and the amount initially recognised less, if appropriate, cumulative amount of income recognised in accordance with the principles of MFRS 15.

(b) Legal claims

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue and other income (Cont'd)

(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).

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 and interests in joint ventures, 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Fair value measurement (Cont'd)

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.

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 financial assets and contract assets

The impairment provisions for financial assets 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 financial assets 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 financial assets is disclosed in Note 27(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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

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 (Cont'd):

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 8 to the financial statements.

4.3 Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets 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.

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 non-financial assets are disclosed in Notes 5 and 6 to the financial statements.

4.4 Construction revenue and expenses

The Group recognises construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The directors also estimated its total construction revenue after considering any expected liquidated and ascertained damages to be paid to its customers to determine the construction revenue to be recognised.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

5. PROPERTY, PLANT AND EQUIPMENT

GROUP 2020	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 2019								
- As previously reported	71,161	120,928	858	1,269	6,071	12,627	-	212,914
- Effect of adoption of MFRS 16	(61,455)	-	-	-	(2,435)	-	64,162	272
Adjusted balance at 1 April 2019	9,706	120,928	858	1,269	3,636	12,627	64,162	213,186
Additions	44	4,516	2	29	-	-	-	4,591
Disposals	-	(96)	-	-	(828)	-	-	(924)
At 31 March 2020	**9,750**	**125,348**	**860**	**1,298**	**2,808**	**12,627**	**64,162**	**216,853**
Accumulated depreciation								
At 1 April 2019								
- As previously reported	24,559	104,932	521	976	4,333	-	-	135,321
- Effect of adoption of MFRS 16	(21,636)	-	-	-	(1,210)	-	22,874	28
Adjusted balance at 1 April 2019	2,923	104,932	521	976	3,123	-	22,874	135,349
Depreciation charge for the financial year	64	1,943	19	68	88	-	1,457	3,639
Disposals	-	(62)	-	-	(771)	-	-	(833)
At 31 March 2020	**2,987**	**106,813**	**540**	**1,044**	**2,440**	**-**	**24,331**	**138,155**
Accumulated impairment loss								
At 1 April 2019	-	-	-	-	-	1,784	-	1,784
Charge for the financial year	-	-	-	-	-	200	-	200
At 31 March 2020	**-**	**-**	**-**	**-**	**-**	**1,984**	**-**	**1,984**
Carrying amount								
Adjusted balance at 1 April 2019	6,783	15,996	337	293	513	10,843	41,288	76,053
At 31 March 2020	**6,763**	**18,535**	**320**	**254**	**368**	**10,643**	**39,831**	**76,714**

GROUP 2019	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	TOTAL RM'000
Cost							
At 1 April 2018	71,014	119,566	850	1,267	6,070	12,627	211,394
Additions	147	1,387	9	48	1	-	1,592
Disposals	-	(25)	(1)	(40)	-	-	(66)
Written off	-	-	-	(6)	-	-	(6)
At 31 March 2019	71,161	120,928	858	1,269	6,071	12,627	212,914
Accumulated depreciation							
At 1 April 2018	23,422	101,126	494	939	3,895	-	129,876
Charge for the financial year	1,137	3,824	28	77	438	-	5,504
Disposals	-	(18)	(1)	(39)	-	-	(58)
Written off	-	-	-	(1)	-	-	(1)
At 31 March 2019	24,559	104,932	521	976	4,333	-	135,321

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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

GROUP (CONT'D) 2019	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	TOTAL RM'000
Accumulated impairment loss							
At 1 April 2018	-	-	-	-	-	586	586
Charge for the financial year	-	-	-	-	-	1,198	1,198
At 31 March 2019	-	-	-	-	-	1,784	1,784
Carrying amount							
At 1 April 2018	47,592	18,440	356	328	2,175	12,041	80,932
At 31 March 2019	46,602	15,996	337	293	1,738	10,843	75,809

Analysis of land and buildings:

GROUP 2020	LEASEHOLD LAND RM'000	BUILDING ON LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS ON FREEHOLD LAND RM'000	LEASEHOLD FLATS RM'000	RENOVATION RM'000	TOTAL RM'000
Cost							
At 1 April 2019							
- As previously reported	21,826	39,441	5,717	867	188	3,122	71,161
- Effect of adoption of MFRS 16	(21,826)	(39,441)	-	-	(188)	-	(61,455)
Adjusted balance at 1 April 2019	-	-	5,717	867	-	3,122	9,706
Additions	-	-	-	-	-	44	44
At 31 March 2020	**-**	**-**	**5,717**	**867**	**-**	**3,166**	**9,750**
Accumulated depreciation							
At 1 April 2019							
- As previously reported	7,555	14,011	-	286	70	2,637	24,559
- Effect of adoption of MFRS 16	(7,555)	(14,011)	-	-	(70)	-	(21,636)
Adjusted balance at 1 April 2019	-	-	-	286	-	2,637	2,923
Charge for the financial year	-	-	-	12	-	52	64
At 31 March 2020	**-**	**-**	**-**	**298**	**-**	**2,689**	**2,987**
Carrying amount							
Adjusted balance at 1 April 2019	-	-	5,717	581	-	485	6,783
At 31 March 2020	**-**	**-**	**5,717**	**569**	**-**	**477**	**6,763**
2019							
Cost							
At 1 April 2018	21,826	39,441	5,717	867	188	2,975	71,014
Additions	-	-	-	-	-	147	147
At 31 March 2019	21,826	39,441	5,717	867	188	3,122	71,161
Accumulated depreciation							
At 1 April 2018	7,154	13,347	-	274	68	2,579	23,422
Charge for the financial year	401	664	-	12	2	58	1,137
At 31 March 2019	7,555	14,011	-	286	70	2,637	24,559
Carrying amount							
At 1 April 2018	14,672	26,094	5,717	593	120	396	47,592
At 31 March 2019	14,271	25,430	5,717	581	118	485	46,602

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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

(a) Assets under finance lease

The carrying amount of assets under a finance lease arrangement are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Motor vehicles	**981**	1,491

(b) Assets pledged as security

The carrying amount of assets pledged as security for borrowings of a subsidiary (Note 16) are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Buildings on leasehold land	**-**	10,340
Leasehold land	**-**	6,404
Freehold land	**1,417**	1,417
	1,417	18,161

(c) Capital work in progress

During the financial year, an impairment loss of RM200,000 (2019: RM1,198,000) 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 RM6,800,000 and RM3,850,000 (2019: RM7,000,000 and RM3,870,000) respectively based on the fair value less costs of disposals of the assets, with reference to an independent valuation carried out by a 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.

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

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

	GROUP		
	LAND AND BUILDINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Carrying amount			
At 1 April 2019	40,063	1,225	41,288
Depreciation	(1,212)	(245)	(1,457)
At 31 March 2020	**38,851**	**980**	**39,831**

Included in ROU assets are:

(i) The leasehold land and buildings of the Group with net carrying amount of RM38,851,000 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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

(d) Right-of-use assets ("ROU assets") (Cont'd)

Included in ROU assets are (Cont'd):

(ii) The Group's motor vehicles are under hire purchase arrangements and have options to purchase the assets at the end of the contract term.

(iii) ROU assets pledged as security

The carrying amount of assets pledged as security for borrowings of a subsidiary (Note 16) are as follows:

	GROUP 2020 RM'000
Buildings on leasehold land	**9,995**
Leasehold land	**6,304**
	16,299

6. INVESTMENT IN SUBSIDIARIES

	NOTE	COMPANY 2020 RM'000	2019 RM'000
At cost		**72,309**	72,309
Less: Impairment loss		**(48,086)**	(48,086)
		24,223	24,223
Loans that are part of net investments	(a)	**27,574**	24,485
Redeemable convertible preference share issued by a subsidiary	(b)	**20,400**	20,400
		72,197	69,108

(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
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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		PRINCIPAL ACTIVITIES
		2020	2019	
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 UPVC and ductile iron pipes and fittings, sanitary fittings, brass fittings and related products
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 2020 %	OWNERSHIP INTEREST 2019 %
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
31 March 2020

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Carrying amount of material non-controlling interests:

NAME OF COMPANIES	2020 RM'000	2019 RM'000
Laksana Wibawa Sdn. Bhd.	**(10,338)**	(8,646)
Haluan Prisma Sdn. Bhd.	**(83)**	473
MRPI Pipes Sdn. Bhd.	**515**	545

Loss allocated to material non-controlling interests:

NAME OF COMPANIES	2020 RM'000	2019 RM'000
Laksana Wibawa Sdn. Bhd.	**(1,692)**	(3,540)
Haluan Prisma Sdn. Bhd.	**(556)**	(157)
MRPI Pipes Sdn. Bhd.	**(30)**	(17)

(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 2020			
Non-current assets	**30,148**	**1,026**	**2,224**
Current assets	**23,172**	**20,579**	**3,913**
Non-current liabilities	**(336)**	**-**	**-**
Current liabilities	**(53,708)**	**(21,712)**	**(5,130)**
Net (liabilities)/assets	**(724)**	**(107)**	**1,007**
Summarised statements of comprehensive income			
Financial year ended 31 March 2020			
Revenue	**20,298**	**8,010**	**5,392**
Loss for the financial year	**(3,453)**	**(1,852)**	**(104)**
Total comprehensive loss	**(3,453)**	**(1,852)**	**(104)**
Summarised cash flow information			
Financial year ended 31 March 2020			
Cash flows from/(used in):			
- operating activities	**(5,777)**	**(2,402)**	**2,118**
- investing activities	**(198)**	**(29)**	**(21)**
- financing activities	**5,197**	**2,270**	**(2,524)**
Net decrease in cash and cash equivalents	**(778)**	**(161)**	**(427)**
Dividend paid to non-controlling interests	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

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 2019			
Non-current assets	30,848	1,125	2,313
Current assets	32,552	19,993	4,825
Non-current liabilities	(341)	(10)	-
Current liabilities	(60,330)	(19,364)	(6,027)
Net assets	2,729	1,744	1,111
Summarised statements of comprehensive income			
Financial year ended 31 March 2019			
Revenue	31,537	16,211	13,755
Loss for the financial year	(7,224)	(523)	(58)
Total comprehensive loss	(7,224)	(523)	(58)
Summarised cash flow information			
Financial year ended 31 March 2019			
Cash flows from/(used in):			
- operating activities	(7,604)	(7,209)	2,173
- investing activities	(101)	(161)	(45)
- financing activities	7,204	4,550	(1,888)
Net (decrease)/increase in cash and cash equivalents	(501)	(2,820)	240
Dividend paid to non-controlling interests	-	-	-

7. INVESTMENT IN A JOINT VENTURE

	2020 RM'000	2019 RM'000
Group's share of results:		
Group's share of results for the financial year	-	(8)

Derecognition of Pinang Water Ltd.

On 7 March 2019, the joint venture lodged the Return by Liquidator relating to the Final Meeting with the Labuan Financial Services Authority and it was dissolved after the expiration of three months from the date of lodgement. As a result, the Company had lost control in Pinang Water Ltd in financial year ended 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

8. INVENTORIES

	GROUP 2020 RM'000	GROUP 2019 RM'000
At cost:		
Raw materials	**8,320**	10,096
Work in progress	**11,753**	5,130
Finished goods	**34,276**	34,807
	54,349	50,033

During the financial year, the cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM84,925,053 (2019: RM108,454,179).

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade				
Trade receivables	**47,047**	50,859	**-**	-
Less: Allowance for impairment	**(5,753)**	(5,759)	**-**	-
	41,294	45,100	**-**	-
Non-trade				
Other receivables	**1,968**	2,134	**55**	56
Less: Allowance for impairment	**(9)**	(8)	**-**	-
	1,959	2,126	**55**	56
Deposits	**1,052**	1,070	**3**	3
GST refundable	**305**	465	**-**	-
Advance payment to suppliers	**285**	1,488	**-**	-
Prepayments	**500**	289	**2**	2
	4,101	5,438	**60**	61
Total trade and other receivables (current)	**45,395**	50,538	**60**	61

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 1 to 120 days (2019: 1 to 120 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 2020 RM'000	GROUP 2019 RM'000
At 1 April 2019/2018	**5,759**	5,463
Charge for the financial year	**31**	326
Reversal of impairment losses	**(37)**	(30)
At 31 March	**5,753**	5,759

The information about the credit exposures are disclosed in Note 27(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

9. TRADE AND OTHER RECEIVABLES (C0NT'D)

(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	
	2020 RM'000	2019 RM'000
At 1 April 2019/2018	**8**	52
Charge for the financial year	**1**	8
Reversal of impairment losses	**-**	(52)
At 31 March	**9**	8

10. CONTRACT ASSETS/(LIABILITIES)

	GROUP	
	2020 RM'000	2019 RM'000
Contract assets relating to construction services contracts	**8,471**	7,317
Total contract assets	**8,471**	7,317
Contract liabilities relating to sales contracts	**(10,600)**	(13,200)
Contract liabilities relating to construction services contracts	**(129)**	(9)
Total contract liabilities	**(10,729)**	(13,209)
Net balance	**(2,258)**	(5,892)

Significant changes in contract balances

	GROUP	
	2020 RM'000	2019 RM'000
At 1 April 2019/2018	**(5,892)**	(10,366)
Revenue recognised during the year	**7,898**	20,596
Progress billings during the year	**(4,264)**	(16,122)
Total contract assets	**(2,258)**	(5,892)

11. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	**6,063**	9,012	**214**	1,727
Short-term deposits	**9,020**	14,847	**500**	3,000
	15,083	23,859	**714**	4,727

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

12. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	2020 UNIT ('000)	2019 UNIT ('000)	2020 RM'000	2019 RM'000
Issued and fully paid up:				
At 1 April 2019/2018/31 March	**102,951**	102,951	**110,159**	110,159

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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.

13. 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 (2019: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2019: 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 2020, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2019: 102,829,873) shares.

14. OTHER RESERVES

	GROUP AND COMPANY	
	2020 RM'000	2019 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 2020

15. DEFERRED TAX LIABILITIES

	GROUP	
	2020 RM'000	2019 RM'000
At 1 April 2019/2018	**1,025**	5,261
Recognised in profit or loss (Note 25)	**(262)**	(4,236)
At 31 March	**763**	1,025
Presented after appropriate offsetting as follows:		
Deferred tax assets	**4,026**	4,084
Deferred tax liabilities	**(4,789)**	(5,109)
	(763)	(1,025)

Deferred tax liabilities relate to the following:

	GROUP	
	2020 RM'000	2019 RM'000
Deferred tax liabilities:		
Property, plant and equipment	**(4,781)**	(4,697)
Deductible temporary differences in respect of expenses	**(8)**	(412)
	(4,789)	(5,109)
Deferred tax assets:		
Unutilised tax losses	**3,170**	3,794
Unabsorbed capital allowance	**856**	290
	4,026	4,084

Unrecognised deferred tax assets

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	**48,218**	46,273	**1,685**	2,188
Unabsorbed capital allowances	**3,594**	-	**-**	-
	51,812	46,273	**1,685**	2,188

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

With effect from year of assessment 2019, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 conservative years of assessment. Accumulated unutilised tax loss brought forward from year of assessment 2019 can be utilised for another 7 years of assessment and will be disregarded in year of assessment 2026.

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

	GROUP
	31.3.2020 RM'000
2026	**46,273**
2027	**1,945**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

16. LOANS AND BORROWINGS

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
Non-current:			
Lease liabilities/Finance lease liabilities	(a)	**613**	930
Current:			
Bank overdraft		**5,491**	4,163
Banker acceptance		**31,208**	16,940
Lease liabilities/Finance lease liabilities	(a)	**416**	367
Trust receipts	(b)	**6,850**	16,254
Revolving credit		**2,000**	2,000
Islamic trade financing		**595**	2,989
		46,560	42,713
		47,173	43,643
Total loans and borrowings			
Bank overdraft		**5,491**	4,163
Banker acceptance		**31,208**	16,940
Lease liabilities/Finance lease liabilities	(a)	**1,029**	1,297
Trust receipts	(b)	**6,850**	16,254
Revolving credit		**2,000**	2,000
Islamic trade financing		**595**	2,989
		47,173	43,643

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 10% 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 3.25% to 8.45% (2019: 3.15% to 8.45%) per annum.

(a) Lease liabilities/Finance lease liabilities

Certain vehicles of the Group as disclosed in Note 5 are pledged for leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases ranging from 2.43% to 4.60% (2019: 2.43% to 2.96%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

16. LOANS AND BORROWINGS (CONT'D)

(a) Lease liabilities/Finance lease liabilities (Cont'd)

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

	GROUP	
	2020 RM'000	**2019 RM'000**
Minimum lease payments:		
Not later than one year	**453**	419
Later than one year and not later than five years	**645**	995
Later than five years	**1**	4
	1,099	1,418
Less: Future finance charges	**(70)**	(121)
Present value of minimum lease payments	**1,029**	1,297
Present value of minimum lease payments:		
Not later than one year	**416**	367
Later than one year but not later than five years	**612**	926
Later than five years	**1**	4
	1,029	1,297
Less: Amount due within twelve months	**(416)**	(367)
Amount due after twelve months	**613**	930

(b) Trust receipts

Included in trust receipts are amounts of RM457,999 and RM173,261 (2019: Nil and RM560,636) denominated in Chinese Yuan and United States Dollar respectively.

17. CONTINGENT CONSIDERATION PAYABLES

This is in relation to the acquisition of MRPI Pipes Sdn. Bhd. ("MRPI") that contains contingent consideration.

MRPI - Profit Guarantee

Jalur Cahaya Sdn. Bhd. ("MRPI's vendor") guarantees to the Company that MRPI will achieve an aggregate net profit after tax of RM3.0 million ("Profit Guarantee") within period of 5 financial years commencing from financial year ended 31 March 2016 ("Profit Guarantee Period"). The issuance of 3,000,000 new shares in the Company is withheld and to be issued to the vendor at the end of the Profit Guarantee Period or at the end of any such earlier financial year subject to the fulfilment of the Profit Guarantee. As at 31 March 2020, the Profit Guarantee has not been met and thus, the contingent consideration amounting to RM840,000 was recognised to profit or loss.

18. PROVISION OF LEGAL CLAIM

	RM'000
Group	
At 1 April 2019	-
Recognised in profit or loss	1,178
At 31 March 2020	**1,178**

The provision for legal claim involves the Group's 70% owned subsidiary, Haluan Prisma Sdn. Bhd. ("Haluan Prisma"). Haluan Prisma had been served with an Adjudication Claim on 9 May 2019 by one of its subcontractors, Kumpulan Awambina Sdn Bhd ("Awambina") for variation order and unpaid work done via its solicitors, Messrs. CH Tay & Partners.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

18. PROVISION OF LEGAL CLAIM (CONT'D)

On 4 October 2019, the Adjudicator decided in favour of Awambina. As at 31 March 2020, the Group had made provision amounting RM1,178,150 (includes legal fees, judgement sum, court charges incurred and interest charges).

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current:				
Trade				
Trade payables	**22,168**	19,381	**-**	-
Accruals	**2,237**	3,930	**-**	-
	24,405	23,311	**-**	-
Non-trade				
Other payables	**1,961**	2,539	**-**	-
Accruals	**2,577**	2,513	**128**	130
Deposits	**1**	-	**-**	-
	4,539	5,052	**128**	130
Total trade and other payables	**28,944**	28,363	**128**	130

(a) The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2019: 30 to 90 days).

(b) Included in the trade payables are retention sum amounting to RM286,613 (2019: RM286,613).

(c) Included in other payables is an amount of RM638,559 (2019: RM497,559) due to corporate shareholder of a subsidiary. This amount is unsecured, interest free and repayable on demand in cash.

(d) Included in other payables is GST payables amounting to RM16,528 (2019: RM392).

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 27(b)(ii) to the financial statements.

20. REVENUE

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contract customers:				
Sales of goods	**89,059**	96,638	**-**	-
Construction work and project management	**8,010**	16,211	**-**	-
Management fees	**-**	-	**110**	110
	97,069	112,849	**110**	110
Revenue from other source:				
Interest income from licensed banks	**51**	151	**51**	151
	51	151	**51**	151
	97,120	113,000	**161**	261
Timing of revenue recognition				
At a point in time	**89,059**	96,638	**-**	-
Over time	**8,010**	16,211	**110**	110
	97,069	112,849	**110**	110

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

20. 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 - 2020	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	MANUFACTURING AND TRADING RM'000	TOTAL RM'000
Primary geographical market:			
Singapore	**-**	**5,914**	**5,914**
Hong Kong	**-**	**326**	**326**
Myanmar	**-**	**620**	**620**
Malaysia	**8,010**	**82,129**	**90,139**
China	**-**	**3**	**3**
Brunei	**-**	**67**	**67**
	8,010	**89,059**	**97,069**
Major goods or services:			
Construction services	**8,010**	**-**	**8,010**
Pipes and fittings	**-**	**89,059**	**89,059**
	8,010	**89,059**	**97,069**
Timing of revenue recognition:			
At a point in time	**-**	**89,059**	**89,059**
Over time	**8,010**	**-**	**8,010**
	8,010	**89,059**	**97,069**
GROUP - 2019			
Primary geographical market:			
Singapore	-	6,351	6,351
Sri Lanka	-	70	70
Myanmar	-	1,121	1,121
Malaysia	16,211	88,603	104,814
Vietnam	-	493	493
	16,211	96,638	112,849
Major goods or services:			
Construction services	16,105	-	16,105
Project management	106	-	106
Pipes and fittings	-	96,638	96,638
	16,211	96,638	112,849
Timing of revenue recognition:			
At a point in time	-	96,638	96,638
Over time	16,211	-	16,211
	16,211	96,638	112,849

(b) Transaction price allocated to the remaining performance obligations

As of 31 March 2020, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM8,856,452 (2019: RM21,247,431) and the Group will recognise this revenue as the construction are completed, which is expected to occur over the next 1 year (2019: 2 years).

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.

NOTES TO THE FINANCIAL STATEMENTS
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21. COST OF SALES

	GROUP	
	2020 RM'000	2019 RM'000
Cost of construction services and project management	**7,670**	15,496
Cost of goods sold	**85,605**	108,556
	93,275	124,052

22. FINANCE COSTS

	GROUP	
	2020 RM'000	2019 RM'000
Interest expenses on:		
- bank overdraft	**307**	163
- other short-term borrowings	**2,925**	2,595
	3,232	2,758

23. LOSS BEFORE TAX

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- current year	**132**	132	**35**	35
- prior years	**8**	8	**8**	8
Non-statutory audit fees	**16**	16	**13**	13
Bad debt written off	**16**	274	**-**	-
Depreciation of property, plant and equipment	**3,639**	5,504	**-**	-
Employee benefits expenses (Note 24)	**14,505**	15,281	**651**	759
Expected credit losses on trade and other receivables	**32**	334	**-**	-
Fair value gain on remeasurement of contingent consideration payables	**(840)**	(60)	**(840)**	(60)
Gain on derecognition of a joint venture	**-**	(880)	**-**	(80)
Gain on disposal of property, plant and equipment	**(7)**	(14)	**-**	-
Loss/(Gain) on foreign exchange				
- realised	**64**	88	**35**	(1)
- unrealised	**(104)**	(104)	**(59)**	(39)
Impairment loss on investment in subsidiaries	**-**	-	**-**	4,972
Impairment loss on property, plant and equipment	**200**	1,198	**-**	-
Interest income	**(422)**	(572)	**(51)**	(151)
Property, plant and equipment written off	**-**	5	**-**	-
Expense related to short term lease/ Rental expense				
- land and building	**221**	397	**-**	-
- machinery	**51**	86	**-**	-
- office equipment	**5**	5	**-**	-
Reversal of expected credit losses on trade and other receivables	**(37)**	(82)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
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24. EMPLOYEE BENEFIT EXPENSES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and others	**13,124**	13,774	**651**	759
Defined contribution plans	**1,381**	1,507	**-**	-
	14,505	15,281	**651**	759

Included in employee benefit expenses are:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' fees	**118**	125	**68**	75
Directors' other emolument	**2,013**	2,729	**583**	684
Directors' defined contribution plans	**194**	283	**-**	-
	2,325	3,137	**651**	759

25. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2020 and 31 March 2019 are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax:				
Current financial year	**7**	34	**-**	-
Under provision in prior financial years	**21**	5	**-**	-
	28	39	**-**	-
Deferred tax (Note 15):				
Current financial year	**(191)**	(4,222)	**-**	-
Over provision in prior financial years	**(71)**	(14)	**-**	-
	(262)	(4,236)	**-**	-
Income tax expense recognised in profit or loss	**(234)**	(4,197)	**-**	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

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25. INCOME TAX EXPENSE (CONT'D)

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax	**(10,349)**	(25,939)	**(87)**	(5,617)
Tax at Malaysian statutory income tax rate of 24% (2019: 24%)	**(2,484)**	(6,225)	**(21)**	(1,348)
Deferred tax assets not recognised	**1,450**	722	**-**	113
Effect on share of results of joint venture	**-**	(209)	**-**	-
Tax effect arising from:				
- non-deductible expenses	**991**	1,585	**142**	1,269
- non-taxable income	**(12)**	(42)	**-**	(24)
- double deduction	**(8)**	(19)	**-**	(10)
Utilisation of deferred tax assets not recognised in prior finanical years	**(121)**	-	**(121)**	-
Under/(Over) provision in prior finanical years				
- current tax	**21**	5	**-**	-
- deferred tax	**(71)**	(14)	**-**	-
Income tax expense	**(234)**	(4,197)	**-**	-

26. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share are based on the 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	
	2020 RM'000	2019 RM'000
Loss attributable to owners of the Company:	**(7,837)**	(18,028)

	GROUP	
	2020 UNIT ('000)	2019 UNIT ('000)
Weighted average number of ordinary shares for basic loss per share	**102,830**	102,830

	GROUP	
	2020 SEN	2019 SEN
Basic loss per ordinary share	**(7.62)**	(17.53)

(b) Diluted loss per share ("DLPS")

The diluted loss per ordinary share of the Group for the financial year are equivalent to the basic loss per ordinary share of the Group as the Company has no dilutive potential ordinary shares and the effect is anti-dilutive.

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27. 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:

(i) Amortised cost ("AC")
(ii) Fair value through profit or loss ("FVTPL")

	CARRYING AMOUNT RM'000	AC RM'000	FVTPL RM'000
2020			
Financial assets			
Group			
Trade and other receivables *	**44,305**	**44,305**	**-**
Cash and short-term deposits	**15,083**	**15,083**	**-**
	59,388	**59,388**	**-**
Company			
Trade and other receivables *	**58**	**58**	**-**
Cash and short-term deposits	**714**	**714**	**-**
	772	**772**	**-**
Financial liabilities			
Group			
Trade and other payables #	**28,927**	**28,927**	**-**
Loans and borrowings	**47,173**	**47,173**	**-**
	76,100	**76,100**	**-**
Company			
Trade and other payables	**128**	**128**	**-**
2019			
Financial assets			
Group			
Trade and other receivables *	48,296	48,296	-
Cash and short-term deposits	23,859	23,859	-
	72,155	72,155	-
Company			
Trade and other receivables *	59	59	-
Cash and short-term deposits	4,727	4,727	-
	4,786	4,786	-
Financial liabilities			
Group			
Contingent consideration payables	840	-	840
Trade and other payables #	28,363	28,363	-
Loans and borrowings	43,643	43,643	-
	72,846	72,006	840
Company			
Contingent consideration payables	840	-	840
Trade and other payables	130	130	-
	970	130	840

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

27. FINANCIAL INSTRUMENTS (CONT'D)

(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 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.

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			
	2020 RM'000	%	2019 RM'000	%
Trade receivables:				
Group				
Manufacturing and trading	**34,062**	82%	**38,255**	85%
Construction services	**7,232**	18%	**6,845**	15%
	41,294	100%	**45,100**	100%
Contract assets:				
Group				
Construction services	**8,471**	100%	**7,317**	100%
	8,471	100%	**7,317**	100%

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, 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 2020

27. 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
2020			
Contract assets			
Current	**8,471**	**-**	**8,471**
Trade receivables			
Current	**14,946**	**-**	**14,946**
1 to 30 days past due	**5,459**	**-**	**5,459**
31 to 60 days past due	**4,328**	**-**	**4,328**
61 to 90 days past due	**4,030**	**-**	**4,030**
91 to 180 days past due	**5,662**	**-**	**5,662**
More than 181 days past due	**6,869**	**-**	**6,869**
Individually assessed (credit impaired)	**5,753**	**(5,753)**	**-**
	55,518	**(5,753)**	**49,765**
2019			
Contract assets			
Current	7,317	-	7,317
Trade receivables			
Current	14,931	-	14,931
1 to 30 days past due	6,253	-	6,253
31 to 60 days past due	5,276	-	5,276
61 to 90 days past due	4,884	-	4,884
91 to 180 days past due	6,142	-	6,142
More than 181 days past due	7,614	-	7,614
Individually assessed (credit impaired)	5,759	(5,759)	-
	58,176	(5,759)	52,417

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

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), 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.

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

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 RM59,062,000 (2019: RM59,046,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 27(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 2020

27. 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			
2020	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	**28,927**	**28,927**	**-**	**-**	**28,927**
Loans and borrowings	**47,173**	**46,597**	**645**	**1**	**47,243**
Financial guarantees	**-**	**59,062**	**-**	**-**	**59,062**
	76,100	**134,586**	**645**	**1**	**135,232**
2020					
Company					
Trade and other payables	**128**	**128**	**-**	**-**	**128**
Financial guarantees	**-**	**59,062**	**-**	**-**	**59,062**
	128	**59,190**	**-**	**-**	**59,190**

		CONTRACTUAL CASH FLOWS			
2019	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					
Contingent consideration payables	840	840	-	-	840
Trade and other payables	28,363	28,363	-	-	28,363
Loans and borrowings	43,643	42,765	995	4	43,764
Financial guarantees	-	59,046	-	-	59,046
	72,846	131,014	995	4	132,013
2019					
Company					
Contingent consideration payables	840	840	-	-	840
Trade and other payables	130	130	-	-	130
Financial guarantees	-	59,046	-	-	59,046
	970	60,016	-	-	60,016

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

27. 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) and the Group's net investments in foreign subsidiaries.

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 their all 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 takes 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	USD RM'000	SGD RM'000	CNY RM'000	LKR RM'000	TOTAL RM'000
2020					
Financial assets					
Trade and other receivables	**188**	**1,767**	**-**	**7**	**1,962**
Cash and bank balances	**333**	**229**	**-**	**-**	**562**
	521	**1,996**	**-**	**7**	**2,524**
Financial liabilities					
Trade and other payables	**451**	**-**	**-**	**-**	**451**
Loans and borrowings	**173**	**-**	**458**	**-**	**631**
	624	**-**	**458**	**-**	**1,082**

GROUP	USD RM'000	SGD RM'000	LKR RM'000	TOTAL RM'000
2019				
Financial assets				
Trade and other receivables	84	2,219	7	2,310
Cash and bank balances	795	59	-	854
	879	2,278	7	3,164
Financial liability				
Loans and borrowings	596	-	-	596

Sensitivity analysis for foreign currency risk

The Group's exposure to foreign currency is not material and hence, sensitivity analysis is not presented.

As at 31 March 2020 and 31 March 2019, there were no forward foreign currency exchange contract.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

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 2020	**+ 1%**	**351**	**351**
	- 1%	**(351)**	**(351)**
31 March 2019	+ 1%	322	322
	- 1%	(322)	(322)

(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 (2019: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

		FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			
2020	CARRYING AMOUNT RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	TOTAL RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	TOTAL RM'000
Financial liability									
Lease liabilities	**1,029**	**-**	**-**	**-**	**-**	**-**	**1,059**	**-**	**1,059**
2019									
Financial liabilities									
Contingent consideration payables	840	-	-	840	840	-	-	-	-
Finance lease liabilities	1,297	-	-	-	-	-	1,335	-	1,335

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.

The fair value of non-current trade receivables is determined based on expected cash flows discounted using the committed borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

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 carrying amount of long-term floating rate loans are approximate fair value as the loans will be re-priced to market interest rate on or near reporting date.

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

Liabilities carried at fair value

During the financial year ended 31 March 2020 and 2019, there was no transfer between Level 1 and 2 of fair value measurement hierarchy.

Description of valuation techniques used and key unobservable input to valuation on contingent consideration payables measured at level 3 are as follow:

Type	Description of valuation techniques and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration payables	The fair value of the Company shares to be issued and adjusted for any factors included in the share price which would not be relevant for the contingent consideration.	Probability of pay out	The estimated fair value would decrease if the probability were lower.

28. CAPITAL COMMITMENTS

The group has made commitments for the following capital expenditure:

	GROUP	
	2020 RM'000	2019 RM'000
Property, plant and equipments		
Approved and contracted for	**3,292**	3,292
Approved but not contracted for	**13,327**	13,327

29. FINANCIAL GUARANTEES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Corporate guarantee granted to financial institutions for banking facilities granted to its subsidiaries				
- total banking facilities	**115,850**	115,850	**115,850**	115,850
- total utilised	**59,062**	59,046	**59,062**	59,046

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

29. FINANCIAL GUARANTEES (CONT'D)

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.

30. 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) Joint ventures;
(iv) Entities in which directors have substantial financial interest; and
(v) 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.

(b) Significant related party transactions

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

	GROUP	
	2020 RM'000	2019 RM'000
Significant transaction with corporate shareholder of a subsidiary		
Rental paid/payable	**162**	180

	COMPANY	
	2020 RM'000	2019 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 19 to the financial statements.

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fees, salaries and other employee benefits	**1,352**	2,071	**43**	51
Defined contribution plans	**194**	283	**-**	-
Estimated monetary value of benefit-in-kind	**158**	196	**20**	20
	1,704	2,550	**63**	71

NOTES TO THE FINANCIAL STATEMENTS
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31. 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 operator 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.

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 (2019: Nil) customer with revenue equal or more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

31. SEGMENT INFORMATION (CONT'D)

	MANUFACTURING AND TRADING RM'000	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	ELIMINATION AND ADJUSTMENT RM'000	NOTE	CONSOLIDATED RM'000
2020					
REVENUE					
External customers	89,110	8,010	-		97,120
Inter-segment	9,753	-	(9,753)	(a)	-
	98,863	8,010	(9,753)		97,120
RESULTS					
Reportable segment loss	(8,506)	(1,843)	-		(10,349)
NET ASSETS					
Total segment assets	178,752	21,605	-		200,357
Total segment liabilities	67,076	21,712	-		88,788
Net assets - Segment	111,676	(107)	-		111,569
OTHER INFORMATION					
Capital expenditures	4,586	5	-		4,591
Bad debts written off	-	16	-		16
Depreciation on property, plant and equipment	3,602	37	-		3,639
Impairment loss on property, plant and equipment	200	-	-		200
Interest expenses	2,594	638	-		3,232
Interest income	(323)	(99)	-		(422)
Expected credit losses on trade and other receivables	32	-	-		32
Reversal of expected credit losses on trade and other receivables	(37)	-	-		(37)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

31. SEGMENT INFORMATION (CONT'D)

	MANUFACTURING AND TRADING RM'000	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	OTHERS RM'000	ELIMINATION AND ADJUSTMENT RM'000	NOTE	CONSOLIDATED RM'000
2019						
REVENUE						
External customers	96,789	16,211	-	-		113,000
Inter-segment	22,232	-	-	(22,232)	(a)	-
	119,021	16,211	-	(22,232)		113,000
RESULTS						
Reportable segment loss	(26,289)	(523)	(7)	880	(b)	(25,939)
NET ASSETS						
Total segment assets	187,647	21,118	-	-		208,765
Total segment liabilities	67,707	19,374	-	-		87,081
Net assets - Segment	119,940	1,744	-	-		121,684
OTHER INFORMATION						
Capital expenditures	1,586	6	-	-		1,592
Bad debts written off	-	274	-	-		274
Depreciation on property, plant and equipment	5,442	62	-	-		5,504
Impairment loss on property, plant and equipment	1,198	-	-	-		1,198
Interest expenses	2,623	135	-	-		2,758
Interest income	(499)	(73)	-	-		(572)
Expected credit losses on trade and other receivables	334	-	-	-		334
Reversal of expected credit losses on trade and other receivables	(82)	-	-	-		(82)

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.

(b) Reconciliation of segment results

	2020 RM'000	2019 RM'000
Elimination of gain on disposal of derecognition of a joint venture	-	880

NOTES TO THE FINANCIAL STATEMENTS
31 March 2020

32. 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 2020 and 31 March 2019.

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

	GROUP		COMPANY	
	2020	2019	2020	2019
Total borrowings (RM'000)	**47,173**	43,643	**-**	-
Total equity (RM'000)	**111,569**	121,684	**72,848**	72,935
Total capital (RM'000)	**158,742**	165,327	**72,848**	72,935
Gearing ratio (%)	**29.72%**	26.40%	**-**	-

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

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO END OF REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2020.

Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

STATEMENT BY DIRECTORS

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

We, **DATO' HJ. 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 38 to 101 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 2020 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' HJ. SAMSURI BIN RAHMAT
Director

SEAH HENG CHIN
Director

Kuala Lumpur

Date: 11 August 2020

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 38 to 101 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 11 August 2020.

Before me,
Commissioner for Oaths

Tan Kim Chooi (W661)
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 2020 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 a summary of significant accounting policies, as set out on pages 38 to 101.

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 2020, 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Group

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

We focused on this area because judgements and estimates by directors are involved in determining the recoverable amount of these assets.

Our audit response:
Our audit procedures included, among others:
- assessing the competence, capabilities and objectivity of the external valuers which includes 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.

Trade receivables (Note 4.1 and Note 9)

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:
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection;
- sending confirmation of balances of selected receivables;
- reading any customer correspondence, subsequent receipts and considering 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.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

Inventories (Note 4.2 and Note 8)

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.

Revenue and corresponding costs recognition for construction activities (Note 4.4 and Note 20)

We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:
Our audit procedures on a sample of major projects included, among others,
- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing directors' major assumptions to contractual terms and discussing with project manager;
- reading the computed progress towards anticipated satisfaction of a performance obligation for identified projects against the relevant correspondence documents;
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year; and
- discussing with the directors and reading of relevant correspondences in relation to the potential liquidated and ascertained damages.

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.

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

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

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

Ng Jou Yin
No.03460/11/2021 J
Chartered Accountant

Kuala Lumpur

Date: 11 August 2020

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2020 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	990	N/A	1 November 1994
	Main factory	76,100 sq. ft.	3,148	37	
	Machine workshop	3,200 sq. ft.		29	
	Canteen	2,050 sq. ft.		24	
	Office building	7,949 sq. ft.		24	
2462, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	3,310	N/A	10 September 1999
	Factory Building	60,702 sq. ft.	3,688	20	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	1,670	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,012	28	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)	3.54510 acres	1,268	N/A	6 May 2004
	Factory Building	24,208 sq.ft.	1,053	30	
Lot No.668 and 669, Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang	Land (Freehold)	18,919 sq. metres	2,234	N/A	17 March 2005
	Fencing		41	N/A	14 December 2009
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	5,345	N/A	30 March 2009
	Factory Building	12,689 sq. metres	11,913	19	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		414	23	

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2020 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	2,276	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft.	1,379	24	
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	127	24	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.	233	24	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		86	N/A	January 2003
Moveable Site Hostel, No.2739, Mukim 6, Lorong Nagasari 5, Taman Nagasari, 13600 Prai	Double Storey Steel Container	40' X 8' X 8' (8 units)	16	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.	960	7	18 April 2013
Lot 530, Tile no. GM 344, Mukim Batang Kali, District of Hulu Selangor	Vacant Industrial Land	18,211 sq. metres	1,960	N/A	14 April 2015

ANALYSIS OF SHAREHOLDINGS
As at 30 July 2020

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	: 2,162

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 30 JULY 2020

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	%*
41	less than 100 shares	855	#
273	100 to 1,000 shares	192,496	0.19
1,116	1,001 to 10,000 shares	5,256,782	5.11
618	10,001 to 100,000 shares	23,387,327	22.74
113	100,001 to less than 5% of issued shares	41,482,324	40.34
1	5% and above of issued shares	32,510,089	31.62
2,162		**102,829,873**	**100.00**

* The issued and paid-up capital is as per Record of Depositors as at 30 July 2020 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 JULY 2020

	NAME	SHAREHOLDINGS	%
1	SUASANA KARISMA SDN BHD	32,510,089	31.62
2	NUSMAKMUR DEVELOPMENT SDN BHD	4,861,330	4.73
3	JB-CITY ALLOY INDUSTRIES SDN. BHD.	3,501,500	3.41
4	BLESSPLUS SDN. BHD.	2,659,600	2.59
5	TOH HOCK ANG	2,316,300	2.25
6	SULTAN IDRIS SHAH	1,182,200	1.15
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE YIN FATT	972,000	0.95
8	KHOR KENG SAW @ KHAW AH SOAY	785,600	0.76
9	TAN PER LIN	764,500	0.74
10	CHAN CHEE CHOY	695,900	0.68
11	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	664,800	0.65
12	LAM MOHN YAN	600,000	0.58
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA 003	594,900	0.58
14	BUMIRAYA ARMANI SDN BHD	591,400	0.58
15	WANG HSUEH YING	526,000	0.51

ANALYSIS OF SHAREHOLDINGS

As at 30 July 2020

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 JULY 2020 (CONT'D)

	NAME	SHAREHOLDINGS	%
16	LIM SAY HAN	524,000	0.51
17	LAI THIAM POH	505,000	0.49
18	SIM KAH HOON	501,900	0.49
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW ONG (L GARDEN-CL)	450,700	0.44
20	HOO WAN FATT	445,200	0.43
21	WONG KEE CHONG	436,300	0.42
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON KWONG YEW (M09)	400,000	0.39
23	CHAN KIM GEK	400,000	0.39
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOCK KWEE (E-BPT)	400,000	0.39
25	NG HAY LIAN	388,300	0.38
26	LEONG CHEE HOK	385,000	0.37
27	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	380,800	0.37
28	SOH SENG KEE	375,900	0.37
29	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	360,000	0.35
30	LOH SAI ENG	351,600	0.34
	TOTAL	**59,530,819**	**57.91**

ANALYSIS OF SHAREHOLDINGS
As at 30 July 2020

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 30 July 2020 are as follows:-

	NO OF SHARES			
NAME OF SHAREHOLDERS	DIRECT	%#	INDIRECT	%#
Suasana Karisma Sdn. Bhd.	32,510,089	31.62	-	-
Dato' Hj 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 July 2020.

* 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 July 2020 are as follows:-

	NO. OF SHARES			
NAME OF DIRECTORS	DIRECT	%#	INDIRECT	%#
Dato' Hj Samsuri bin Rahmat	-	-	32,510,089*	31.62
Seah Heng Chin	-	-	32,510,089*	31.62
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	-	-	-	-
Mohammad Khayat bin Idris	-	-	-	-
Dr Abdul Latif bin Shaikh Mohamed	-	-	-	-
Datuk Hj Jalaludin bin Hj Ibrahim	-	-	-	-

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 30 July 2020.

* 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-Fifth Annual General Meeting of **YLI Holdings Berhad** will be conducted on a fully virtual basis through online remote voting and live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Monday, 28 September 2020 at 11.30 a.m.

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon.	Please refer to Note A
	AS ORDINARY BUSINESS	
2.	To re-elect YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin who retires in accordance with Clause 76(3) of the Company's Constitution.	Ordinary Resolution 1
3.	To re-elect Datuk Hj Jalaludin bin Hj Ibrahim who retires in accordance with Clause 78 of the Company's Constitution.	Ordinary Resolution 2
4.	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to determine their remuneration.	Ordinary Resolution 3
5.	To approve the payment of Directors' fees for the financial year ended 31 March 2020 and Directors' benefits from 28 September 2020 until the next Annual General Meeting of the Company up to an aggregate amount of RM484,000.	Ordinary Resolution 4

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Resolutions:-

6. **Authority to continue in office as Independent Non-Executive Director**

   (i) "THAT subject to the passing of Ordinary Resolution 1, authority be and is hereby given to YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — Ordinary Resolution 5

7. **Proposed Renewal of Authority for Share Buy-Back** — Ordinary Resolution 6

   "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 Annual General Meeting 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 annual general meeting 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.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolutions (cont'd)

7. **Proposed Renewal of Authority for Share Buy-Back (cont'd)**

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;
(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."

8. **Authority to Issue Shares** Ordinary Resolution 7

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company and subject to approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

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)
Company Secretary

Penang

Date: 27 August 2020

NOTICE OF ANNUAL GENERAL MEETING

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. Encik Mohammad Khayat bin Idris who will be retiring in accordance with Clause 76(3) of the Company's Constitution, has notified the Company that he does not wish to seek for re-election and accordingly will retire at the conclusion of the Twenty-Fifth Annual General Meeting ("AGM"). The Board of Directors of the Company has on 21 August 2020 announced the decision of Encik Mohammad Khayat bin Idris to retire in accordance with Clause 76(3) of the Company's Constitution at the forthcoming AGM.

2. Proxy

*2.1 The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the Twenty-Fifth Annual General Meeting ("25th AGM") in person at the Broadcast Venue on the day of the meeting.*
Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 25th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor"). A shareholder who has appointed a proxy or attorney or authorised representative to participate in this 25th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV. Please refer to the Administrative Guide for RPV via its TIIH Online website at https://tiih.online.

2.2 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 23 September 2020. 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.

2.3 As the 25th AGM is a fully virtual AGM, shareholders who are unable to participate in this 25th AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the 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. In the case of electronic appointment, the proxy form must be electronically lodged via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the AGM on procedures for electronic lodgement of Proxy Form via TIIH Online. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

2.10 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.

2.11 Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

2.12 Last date and time for lodging this proxy form is 11.30 a.m. on 26 September 2020, Saturday.

*2.13 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. 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 Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees for the financial year ended 31 March 2020 and Directors' benefits from 28 September 2020 until the next Annual General Meeting of the Company up to an aggregate amount of RM484,000.

2. Resolution 5 - Authority to continue in office as Independent Non-Executive Directors

The Nomination Committee had assessed the independence of YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin who has served on the Board as Independent Non-Executive Director for a cumulative term of more than nine (9) years. The Board has recommended that the approval of the shareholders be sought to re-appoint YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as Independent Non-Executive Director as he possess the following aptitudes necessary in discharging his roles and functions as Independent Non-Executive Director of the Company:-

(i) Have vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgment;
(ii) Consistently challenge the management in an effective and constructive manner;
(iii) Have good and thorough understanding of the main drivers of the business in a detailed manner;
(iv) Actively participate in board deliberations and decision making in an objective manner; and
(v) Exercise due care in all undertakings of the Group and carry out their fiduciary duties in the interest of the Company and minority shareholders.

3. Resolution 6 - Proposed Renewal of Authority for Share Buy-Back

The proposed Ordinary Resolution 6, 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 Annual General Meeting of the Company. For further information, please refer to the Statement to Shareholders dated 27 August 2020.

4. Resolution 7 - Authority to Issue Shares

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 last Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. As the Mandate will expire on 28 September 2020, the Board is desirous of seeking a fresh general mandate at the forthcoming AGM.

In view of the challenging time due to the Covid-19 pandemic, Bursa Malaysia Securities Berhad had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Listing Requirement of Bursa Malaysia Securities Berhad of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for issue of new securities.

The Board, having considered the current economic climate and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interest of the Company and its shareholders.

This proposed Ordinary Resolution 7, if passed, will provide flexibility for the Company and empower the Directors of the Company to issue and allot new shares in the Company up to an amount not exceeding 20% of the total number of issued shares of 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. This authority will, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

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 September 2020. A renewal of this authority is being sought at the Twenty-Fifth 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-Fifth Annual General Meeting of the Company to be conducted on a fully virtual basis through online remote voting and live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Monday, 28 September 2020 at 11.30 a.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	RESOLUTIONS	FOR	AGAINST
Re-election of YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Ordinary Resolution 1		
Re-election of Datuk Hj Jalaludin bin Hj Ibrahim	Ordinary Resolution 2		
Re-appointment of Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to determine their remuneration	Ordinary Resolution 3		
Approval of Directors' fees and benefits	Ordinary Resolution 4		
Continuing in office for YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as Independent Non-Executive Director	Ordinary Resolution 5		
Proposed Renewal of Authority for Share Buy-Back	Ordinary Resolution 6		
Authority to Issue Shares	Ordinary 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 ____________ 2020

____
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. Encik Mohammad Khayat bin Idris who will be retiring in accordance with Clause 76(3) of the Company's Constitution, has notified the Company that he does not wish to seek for re-election and accordingly will retire at the conclusion of the Twenty-Fifth Annual General Meeting ("AGM"). The Board of Directors of the Company has on 21 August 2020 announced the decision of Encik Mohammad Khayat bin Idris to retire in accordance with Clause 76(3) of the Company's Constitution at the forthcoming AGM.

2. Proxy

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Stamp

The Company Secretaries
YLI HOLDINGS BERHAD **199501038047 (367249-A)**
45, Lorong Rahim Kajai 13,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.

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2.6 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.

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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.

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Fax : (603) 77222057

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