



*AYS VENTURES BERHAD*  
(925171-T)

# ANNUAL REPORT

*2019*



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Proxy Form

# Our Vision

To excel as a regional strategic steel distribution hub catering to the needs of the engineering, fabrication and construction industry.

# Our Mission

Providing customers with total solution in quality products and services.

Broadening our product range and value-added activities.

Practising good corporate social responsibilities.

Rewarding all stakeholders equitably.

# Values & Principles



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eighth Annual General Meeting of the Company will be held at Function Room 1, Mezzanine Floor, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor on Tuesday, 23 July 2019 at 9.30 a.m. to transact the following business:

## AGENDA

### Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2019. **Resolution 1**
3. To re-elect the following Directors who are retiring in accordance with Article 101 of the Company's Articles of Association:
  - (i) Toh Tuan Sun **Resolution 2**
  - (ii) Haji Mohd. Sharif Bin Haji Yusof **Resolution 3**
  - (iii) Oh Chiew Ho **Resolution 4**
4. To approve the payment of Directors' fees not exceeding RM500,000.00 for the period from August 2019 till July 2020. **Resolution 5**
5. To approve the payment of meeting attendance allowance of RM1,000.00 per meeting for each Independent Director from August 2019 till July 2020. **Resolution 6**
6. To re-appoint Messrs. Grant Thornton Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

### SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following resolution:

#### SPECIAL RESOLUTION

##### **Proposed Adoption of new Constitution of the Company to replace the existing Memorandum and Articles of Association**

"THAT the existing Memorandum and Articles of Association of the Company be replaced in its entirety with a new Constitution as set out in Appendix A of the Circular to Shareholders dated 24 June 2019."

**Resolution 8**

#### ORDINARY RESOLUTION

##### **Proposed Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**Resolution 9**

### By Order of the Board

**Leong Oi Wah (MAICSA 7023802)**

*Company Secretary*

Klang  
24 June 2019

# Notice of Annual General Meeting *cont'd*

## Notes:

1. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or being appointed as a proxy for another Member or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. A Member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the Member specifies the proportion of his securities holdings to be represented by each proxy.
3. The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.
4. The instrument appointing a proxy shall be left at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.
5. Depositors who appear in the Record of Depositors as at 16 July 2019 shall be regarded as Member of the Company entitled to attend the Eighth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

## NOTES ON SPECIAL BUSINESS

### (i) Resolution No.8

Please refer to the Circular to Shareholders dated 24 June 2019 for further information.

### (ii) Resolution No.9

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten percent (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 20 July 2018. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN THAT** a Final Single Tier Dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2019, if approved at the Eighth Annual General Meeting, will be paid on 18 October 2019 to Depositors registered in the Record of Depositors at the close of business on 27 September 2019.

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

- a) Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 27 September 2019, in respect of transfer; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## By Order of the Board

**Leong Oi Wah (MAICSA 7023802)**

*Company Secretary*

Klang  
24 June 2019

## BOARD OF DIRECTORS

Haji Mohd. Sharif Bin Haji Yusof  
*Independent Non-Executive Chairman*

Oh Chiew Ho  
*Group Managing Director*

Oh Yung Sim  
*Deputy Managing Director*

Oh Pooi Foon  
*Deputy Managing Director*

Toh Tuan Sun  
*Non-Independent Non-Executive Director*

Tay Kim Chuan  
*Executive Director*

Seow Nyoke Yoong  
*Independent Non-Executive Director*

Mohamad Fazlin Bin Mohamad  
*Independent Non-Executive Director*

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

## AUDIT COMMITTEE

Mohamad Fazlin Bin Mohamad  
*(Chairman) Independent Non-Executive Director*

Haji Mohd. Sharif Bin Haji Yusof  
*(Member) Independent Non-Executive Director*

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

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

## NOMINATION COMMITTEE

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

Haji Mohd. Sharif Bin Haji Yusof  
*(Member) Independent Non-Executive Director*

Mohamad Fazlin Bin Mohamad  
*(Member) Independent Non-Executive Director*

## REMUNERATION COMMITTEE

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

Haji Mohd. Sharif Bin Haji Yusof  
*(Member) Independent Non-Executive Director*

Mohamad Fazlin Bin Mohamad *(appointed on 1.12.2017)*  
*(Member) Independent Non-Executive Director*

## COMPANY SECRETARY

Leong Oi Wah (MAICSA 7023802)

## HEAD OFFICE

Lot 6488, Jalan Haji Abdul Manan  
42100 Klang  
Selangor Darul Ehsan, Malaysia  
Tel No : 603 - 3377 5597  
Fax No : 603 - 3377 5500  
Website : [www.ays-group.com](http://www.ays-group.com)

## REGISTERED OFFICE

802, 8th Floor  
Block C, Kelana Square  
17, Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel No : 603 - 7803 1126  
Fax No : 603 - 7806 1387

## PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad  
AmBank (M) Berhad  
Bangkok Bank Berhad  
Bank of China (Malaysia) Berhad  
CIMB Islamic Bank Berhad  
Citibank Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
Maybank Islamic Berhad  
OCBC Al-Amin Bank Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## AUDITORS

Grant Thornton Malaysia  
(Member of Grant Thornton International Ltd)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

### Office:

Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel. No : 603 - 2783 9299  
Fax No : 603 - 2783 9222

### Customer Service Centre:

Unit G-3, Ground Floor, Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name : AYS  
Stock Code : 5021

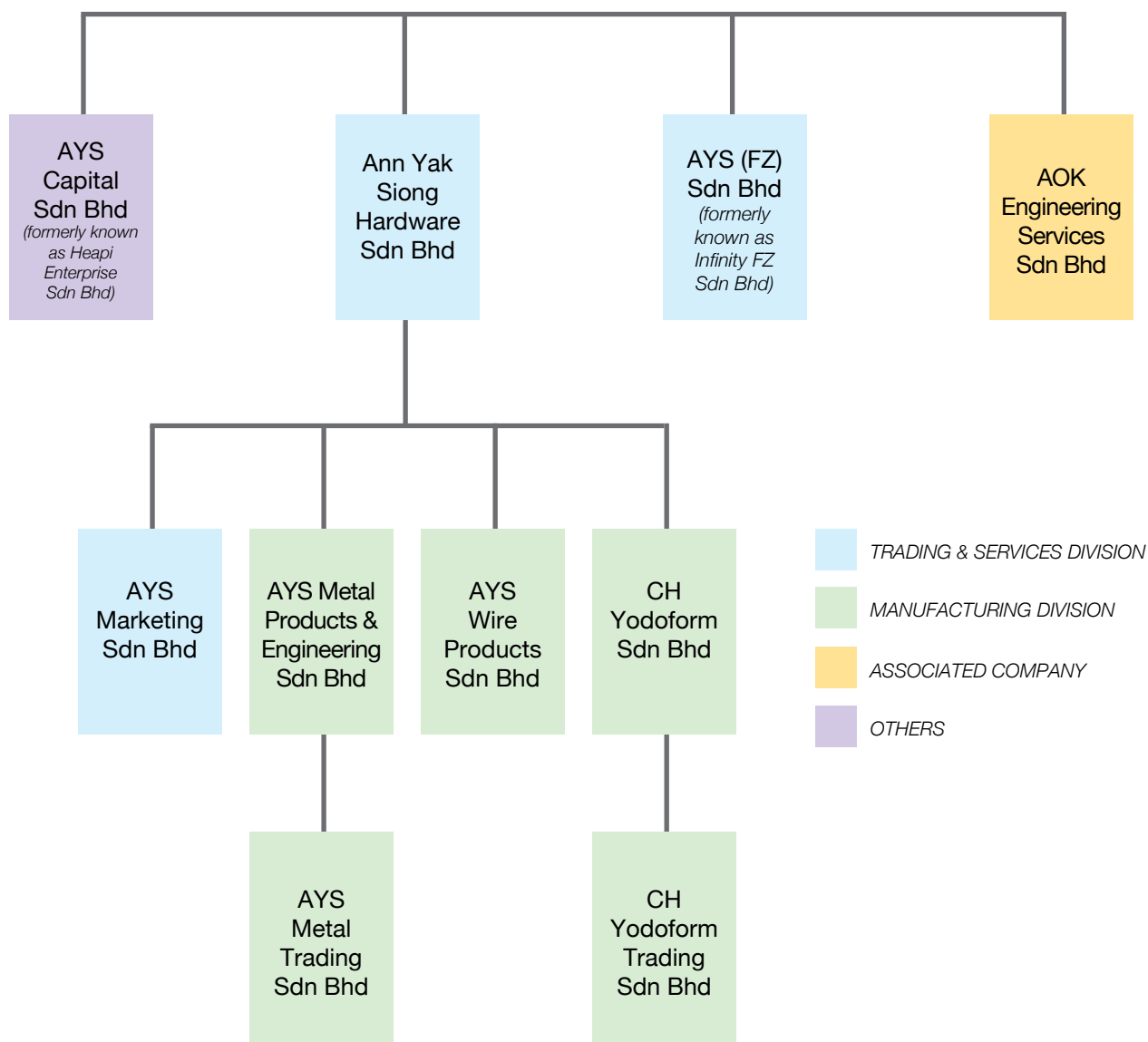


# Corporate Structure

as at 24 June 2019



AYS VENTURES BERHAD



## Profile of the Board of Directors

**Haji Mohd. Sharif Bin Haji Yusof**, aged 80, a Malaysian, was appointed as an Independent Non-Executive Chairman of AYS Ventures Berhad on 17 November 2011. He is a fellow member of the Institute of Chartered Accountants, England & Wales, Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

He started his career with the Selangor State Government Service in 1967 as an Accountant, Jabatan Kerja Raya. He was a Corporate Accountant with the Selangor State Development Corporation (now known as Perbadanan Kemajuan Negeri Selangor) from 1968 to 1972. In 1973, he joined Anglo Oriental Sdn Bhd, a tin mining management company as a Senior Accountant and in 1974 he joined Bumiputra Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) as a Corporate Finance Officer. In 1977, he joined British American Life & General Insurance Co. Bhd (now known as Manulife Insurance (Malaysia) Berhad) as a Vice President, Finance and retired in 1989 as a Senior Vice President, Finance cum Company Secretary. He is currently the Senior Independent Non-Executive Director of Ireka Corporation Berhad and also an Independent Non-Executive Director of Atlan Holdings Berhad and Axis REIT Managers Berhad.

Tuan Haji Mohd. Sharif Bin Haji Yusof has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Oh Chiew Ho**, aged 72, a Malaysian, was appointed as the Group Managing Director of AYS Ventures Berhad on 17 November 2011. He is the co-founder of AYS Group and has been the key driving force in steering the corporate direction and growth of the AYS Group besides overseeing the overall operations of Ann Yak Siong Hardware Sdn Bhd ("AYSH") since its inception. In 1964, at the age of 19, he joined Hiap Bee Hardware Sdn Bhd as a general helper in the warehouse/store department until 1978, where he moved over to Choo Bee Hardware (KL) Sdn Bhd and was in charge of storekeeping, sales and procurement. With his hard work and dedication, he mastered the trade and built-up good rapport with key customers and suppliers.

In 1982, Mr Oh Chiew Ho co-founded AYSH, started his business in supplying steel and hardware products. In 1993, due to the high demand for construction materials following the economic boom, he incorporated AYS Marketing Sdn Bhd to venture into trading and marketing of building and construction materials. In 1994, he incorporated AYS Metal Products & Engineering Sdn Bhd to manufacture panels and components for sectional tanks. In 1996, he set up CH Yodoform Sdn Bhd to manufacture purlins, steel frames for doors and window. He later established AYS Wire Products Sdn Bhd in 1997 to venture into the business of manufacturing and trading of wire products and expanded its business in 1998 to include wire drawing, straightening, bending and cutting of wire rods and manufacturing of wire mesh products in 2001. Under the leadership of Mr Oh Chiew Ho, AYSH has grown to be one of the leading traders of steel and construction materials in Malaysia.

Mr Oh Chiew Ho's shareholdings in the Company and its related companies is disclosed on page 97 of this Annual Report. He is the father of Mr Oh Yung Sim, Mr Oh Yung Wooi and Ms Oh Pooi Foon. He has no conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Oh Yung Sim**, aged 45, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 17 November 2011 and was re-designated to Deputy Managing Director on 21 August 2017. He graduated from University of Luton, UK in 2000 with a Bachelor of Degree in Commerce, majoring in Business Administration and Marketing.

He joined AYSH in 2000 as an Assistant to Group General Manager. He has been working on improving the productivity and efficiency of the AYS Group's operations especially in the areas of information technology and corporate development and provides support to the Group Managing Director to ensure that the Manufacturing Division achieves its business objective and creates an environment that promotes staff commitment to the achievement of the organisational vision, mission, and strategy.

Mr Oh Yung Sim's shareholdings in the Company and its related companies is disclosed on page 97 of this Annual Report. He is the son of Mr Oh Chiew Ho and brother of Mr Oh Yung Wooi and Ms Oh Pooi Foon. He has no conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Oh Pooi Foon**, aged 39, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 December 2012 and was re-designated to Deputy Managing Director on 21 August 2017. She graduated from Melbourne University, Australia in 2003 with a Bachelor of Physiotherapy.

Upon graduation in 2003, she worked in a hospital in Melbourne as physiotherapist before joining AYSH in 2005 as a Purchasing Executive. In 2009, she was promoted to the position of Procurement Director and is responsible for formulating and evaluating procurement strategies, developing and implementing procurement policies and procedures, analysing trends and market conditions including sourcing, negotiating and entering into contracts with local and overseas suppliers. In 2012, she was promoted to Operation Director and is responsible for the overall operations of AYSH and provides support to the Group Managing Director to ensure that





*Back: Oh Pooi Foon, Seow Nyoke Yoong, Mohamad Fazlin Bin Mohamad, Tay Kim Chuan, Dato' Wan Hashim Bin Wan Jusoh.  
Front: Toh Tuan Sun, Oh Chiew Ho, Haji Mohd. Sharif Bin Haji Yusof, Oh Yung Sim.*

the Trading & Services Division achieves its business objective and creates an environment that promotes staff commitment to the achievement of the organisational vision, mission, and strategy.

Ms Oh Pooi Foon's shareholdings in the Company and its related companies is disclosed on page 97 of this Annual Report. She is the daughter of Mr Oh Chiew Ho and sister of Mr Oh Yung Sim and Mr Oh Yung Wooi and has no conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Toh Tuan Sun**, aged 68, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 April 2016 and re-designated as Non-Independent Non-Executive Director on 17 May 2016. Mr Toh Tuan Sun has been involved in the steel industry business for the past forty two years where he started off with Malayawata Steel Berhad in 1973. Thereafter, he moved on to Bright Steel Sdn Bhd in 1976 as Sales Manager and subsequently in 1979 was promoted to General Manager with direct involvement in the production expansion programmes and the business strategies of the company.

In 1986, he joined Ann Joo Group of Companies to spearhead its business expansion into manufacturing activities. He was the Head of one of the Strategic Business Units and was involved in manufacturing activities. He was appointed a Director on 11 September 1996 and served as an Option Committee Member. In 2000, Mr Toh Tuan Sun was transferred to Malayawata Steel Berhad as President and Chief Executive Officer and served as a member of the Audit Committee. In 2003, he joined one of the pioneer steel bar producers of Malaysia, Amsteel Mills Sdn Bhd and assumed the post of Managing Director until he retired in early 2007. Thereafter, he joined Perfect Wiremakers Sdn Bhd as the Managing Director and retired in June 2015. In December 2016, he resigned as a Director of Perfect Wiremakers Sdn Bhd and in February 2019, he resigned as its Advisor.

Mr Toh Tuan Sun's shareholdings in the Company and its related companies is disclosed on page 97 of this Annual Report. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Tay Kim Chuan**, aged 59, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 December 2012. He is a Chartered Management Accountant (an Associate member of the Chartered Institute of Management Accountants, UK) and a member of the Malaysian Institute of Accountants.

Upon his graduation from College Tunku Abdul Rahman in the School of Business Studies in 1984, he briefly served in a palm oil milling and plantation company before he joined Bright Steel Sdn. Bhd. as an Accountant in 1985. In 1988 he moved on to the then newly formed Anshin Group until 1997 when he was transferred to serve the holding company in the Ann Joo Group. During his tenure serving companies in the steel sector he has accumulated management experience in the financial and corporate services area. He resigned as the Group Financial Controller of Ann Joo Resources Berhad in 2007 to venture on his own in the field of management services prior to joining AYS Group.

Mr Tay Kim Chuan has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Seow Nyoke Yoong**, aged 57, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 17 November 2011. She graduated with a Bachelor of Commerce degree from University of New South Wales, Australia in 1984 and went on to complete a Bachelor of Law degree from University of Melbourne, Australia in 1985. She is currently a Senior Independent Non-Executive Director of CYL Corporation Berhad and also an Independent Non-Executive Director of Lee Swee Kiat Group Berhad.

Ms Seow Nyoke Yoong has no shareholdings in the Company and its related companies. She has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Mohamad Fazlin Bin Mohamad**, aged 47, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 17 November 2011. He graduated from the University of Huddersfield in 1995 with a LLB (Hons) Degree.

He started his career with KPMG as a Consulting Assistant in 1996 and remained with KPMG until 2004 where he left as a Managing Consultant. He joined Pharmaniaga Berhad in 2004 as Manager, Business Development and was later promoted to Senior Manager Business Development and Corporate Strategy. He has also held positions in the Indonesian Operations and Middle East Operations of Pharmaniaga Berhad. In 2012, he resigned as the Senior Manager and Head of Vendor Development in Pharmaniaga Berhad to venture on his own business as a Director in Magnus Force Sdn Bhd, Agensi Pekerjaan Intercity Sdn Bhd and MyMagnus Safe Deposit Box Sdn Bhd.

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

**Dato' Wan Hashim Wan Jusoh**, age 61, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 1 December 2017. He graduated from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) with Bachelor Degree of Science (Hons) in Resource Economy in 1981. He is currently an Independent Non-Executive Director of Integrated Logistics Bhd and UWC Berhad.

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

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

## Profile Of Key Senior Management

**Wong Kian Hwa**, a Malaysian aged 61, is the Executive Director of AYS Wire Products Sdn Bhd (“AYSW”). He obtained his Malaysian Certificate of Education in 1975. Thereafter, he started his 22 years career in the steel industry with various portfolios serving in companies including Sama Wira Mulpha Sdn Bhd, D&B Trading Sdn Bhd and Perwaja Sdn Bhd. In 1997, he set up AYSW as a joint venture with Ann Yak Siong Hardware Sdn Bhd (“AYSH”) to manufacture various wired rod-based products and steel bars. Currently, he is responsible for the overall operations of AYSW. In January 2019, he was transferred to AYS Marketing Sdn Bhd (“AYSM”) and is in charge of the overall operations of AYSM.

**Oh Yung Wooi**, a Malaysian aged 44, is the Materials Director of AYSH. After he completed his secondary school, he joined AYSH in 1999 as Sales Executive. He has gained vast exposure in the various operations portfolios including credit control, sales and marketing, logistic as well as stock management. Having more than 10 years’ hands-on experience and exposure in all aspects of the steel business, in 2009, he was promoted to his current position and is responsible for the materials control, total warehousing and logistics functions of AYSH.

**Woon Yang Leng**, a Malaysian, aged 60, is the Group Technical and Marketing Director of AYSH. He graduated with a Master of Engineering specialised in Steel Structures and Project Management from Asian Institute of Technology, Bangkok in 1987. Mr Woon has more than 4 years of extensive practical experience in steel construction while he worked as a site Engineer on construction of facilities for company such as AT&T, President Lines and Super store warehousing in Taiwan. Mr Woon also has completed a high-rise building using structural steel. His specialise knowledge in the field of steel construction has brought him into British Steel in 1991 and responsible for promoting British Steel products in construction market in Taiwan. Having successful developed the market sector of steel construction for British Steel in Taiwan, Mr Woon was transferred to Malaysia in 1994 to kick start the British Steel office in Malaysia. Mr Woon went through the transformation of the company from British Steel to Corus and later to Tata Steel. He was heading the Malaysia office until 2008. Mr Woon started Steelco Malaysia in April 2008 and carry on his career in the steel industry. He made use of his extensive steel knowledge helping to bridge the local steel related industries with the more competitive regional suppliers especially the specialized steel producers from China. In 2012, Mr Woon resigned from Steelco Malaysia and joined AYSH as Senior General Manager-Marketing before promoted to the current position.

**Ir. Tong Seng Won**, a Malaysian aged 56, is the Group Engineering & Manufacturing Director of CH Yodoform Sdn Bhd (“CHY”). He graduated with a Bachelor of Engineering in Mechanical and Master of Engineering in Manufacturing from University Malaya in 1994. He is a Professional Engineer in Mechanical registered with the Board of Engineers Malaysia and Grade 2 Steam Engineer registered with the Department of Occupational Safety and Health Malaysia. He started his career with Anshin Steel Industries Sdn Bhd in 1988 as a mechanical Engineer and in 1994 he joined Hitachi Plant Construction as an Assistant Project Manager in charging of the project for the construction of beam and section mill in Gurun. In 1995, he joined Petropipe Sdn Bhd as Deputy General Manager and subsequently he worked as a consultant for setting up a few rolling mills and steel plants in Iran from 2003 to 2010. In 2011, he joined an aluminum smelting plant in Sarawak and in 2013, he joined Perwaja Steel Industries Sdn Bhd as a Chief Operating Officer. In 2016, he resigned from Perwaja Steel Industries Sdn Bhd. With his 25 years of working experience in the steel industry involving upstream and downstream processes, he then joined AYSH as Group Engineering & Manufacturing Director and is responsible for improvement, expansion and development of manufacturing and engineering facilities of the Group. In August 2016, he was transferred to CHY and is currently responsible for the overall operations of CHY.

**Tay Yew Thiam**, a Malaysian aged 53, is the Group Financial Controller of AYSH. She graduated with a Bachelor’s degree with Honours in Accounting from University Utara Malaysia in 1991. She is a Chartered Accountant member of the Malaysian Institute of Accountants, a Certified Financial Planner registered with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia. She started her career with a financial institution in 1991 as an Audit Executive and subsequently in 1992, she joined a water treatment chemicals company as an Assistant Accountant. In 1993, she joined Anshin Group as a Finance & Accounts Executive until 1997 she was transferred to serve the holding company in the Ann Joo Group. In 2007, she resigned as the Head-Financial Accounting Unit of Ann Joo Resources Berhad to venture on her own in the field of management services prior to joining AYS Group. With her more than 25 years of working experience in the area of financial and corporate services, she joined AYSH in 2012 as a Senior General Manager - Corporate Affairs and is responsible for corporate financial reporting and compliance, investor relations, corporate development activities as well as participating in strategic planning and new business initiatives of AYS Group. In 2017, she was promoted to the current position and is responsible for planning, implementing and managing all financial-related activities of AYS Group.

### Conflict of interest

None of the Key Senior Management has any conflict of interest with the Group.

### Conviction for offences

None of the Key Senior Management have been convicted for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### Directorship

None of the Key Senior Management has any other directorship in any other listed issuers.

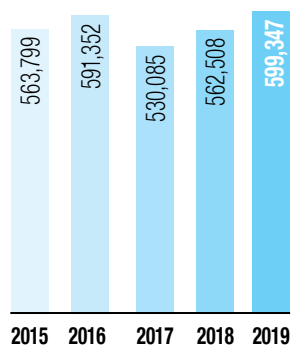
### Family relationship

None of the Key Senior Management has family relationship with other Directors or major shareholders of AYS Ventures Berhad except for Mr Oh Yung Wooi who is the son of Mr Oh Chiew Ho and brother of Mr Oh Yung Sim and Ms Oh Pooi Foon.

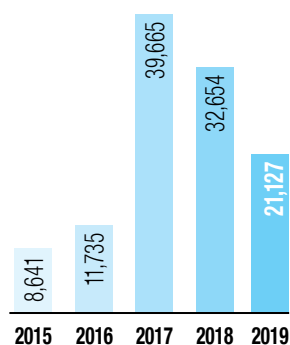
## Group Financial Highlights

Financial Year Ended 31st March (RM'000)	2015	2016	2017	2018	2019
Revenue	563,799	591,352	530,085	562,508	599,347
Profit Before Interest and Tax	17,805	22,148	46,231	40,954	32,500
Finance Costs	10,298	11,770	8,047	9,103	12,472
Profit Before Tax	8,641	11,735	39,665	32,654	21,127
Profit After Tax	7,096	8,283	27,732	23,530	15,746
Profit Attributable To Owners Of The Company	7,050	8,269	27,835	23,503	15,743
Total Equity Attributable To Owners Of The Company	214,347	215,008	237,137	261,608	273,547
Total Assets	499,850	438,160	428,282	542,623	655,375
Total Borrowings	253,066	192,156	145,700	219,637	312,815
Debt/Equity (times)	1.18	0.89	0.61	0.84	1.14
Earnings Per Share (sen)	1.85	2.17	7.32	6.18	4.14
Net Assets Per Share (RM)	0.56	0.57	0.62	0.69	0.72
Dividend Per Share (sen)	1.00	1.00	2.50	2.50	1.00

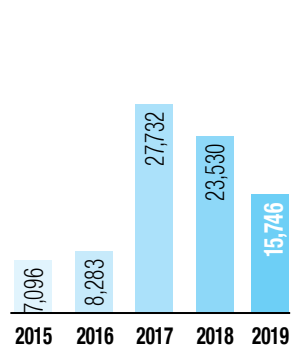
**Revenue** (RM'000)



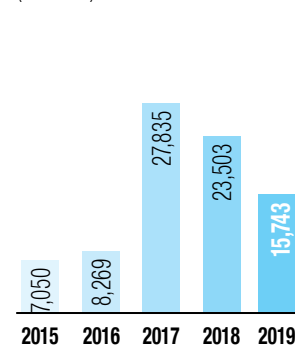
**Profit Before Tax** (RM'000)



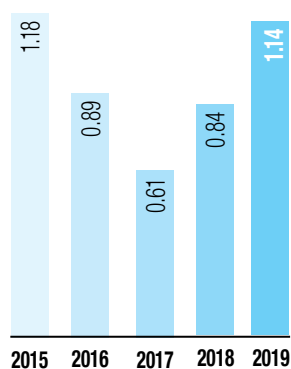
**Profit After Tax** (RM'000)



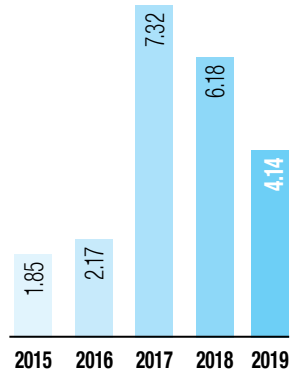
**Profit Attributable to Owners of The Company** (RM'000)



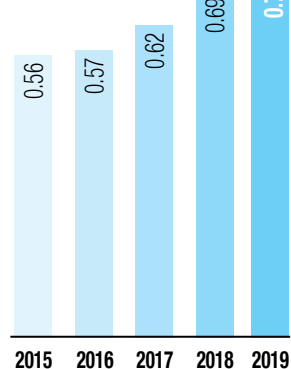
**Debt/Equity** (times)



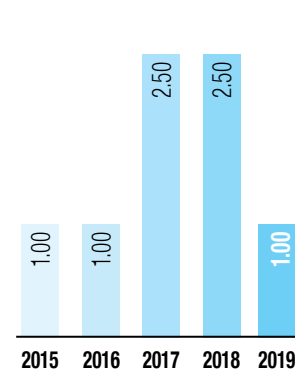
**Earnings Per Share** (sen)



**Net Assets Per Share** (RM)



**Dividend Per Share** (sen)







Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), I am pleased to present the Annual Report and audited financial statements of AYS Ventures Berhad and its group of companies ("AYS" or "the Group") for the financial year ended 31 March 2019 ("FYE 2019").

### Performance and Operations Review

It was a very challenging financial year 2019 for the Group, impacted by continued uncertainty in the global economy, geo-political headwinds, softer commodity and energy prices and market pressures on the currencies of some economies with weaker fundamentals. In 2018, Malaysia's gross domestic product growth registered at 4.7%, driven by domestic demand amid the challenging global environment. In FYE 2019, AYS continued to exercise prudence through various cost optimisation while strengthening its operational and productivity efficiencies in face of the increasingly competitive market environment.

Amid this challenging operating environment, the Group's revenue increased by 6.5% to RM599.347 million in FY 2019 from RM562.508 million in FY 2018. Meanwhile, the Group recorded profit before tax of RM21.127 million, about 35.3% lower than RM32.654 million registered in the previous financial year primarily due to higher cost of goods sold and higher finance costs.

With a net profit attributable to owners of the Company of RM15.743 million, the basic earnings per share in the FYE 2019 decreased to 4.14 sen from that of 6.18 sen in the previous financial year. Nonetheless, the Group's financial position remains strong, with total equity attributable to equity holders as at 31 March 2019 of RM273.547 million, an increase of RM11.939 million from RM261.608 million in the previous financial year end. As of the end of FY 2019, the net assets per share amounted to RM0.72, 4.3% higher than RM0.69 in the year before.

A detailed discussion of the Group's business and financial performance can be found in the Management Discussion & Analysis section included in this Annual Report.

### Outlook and Prospects

Bank Negara Malaysia expects real gross domestic product ("GDP") to register sustained growth of 4.3-4.8% in 2019, similar to the 4.7% registered last year. In spite of the continued headwinds, Malaysia's economic fundamentals remain strong whereby domestic demand will remain the anchor of growth in 2019, underpinned by continued expansion in private sector activities. In addition, the Government's revival of some legacy mega infrastructure will inject huge economic benefit to the sluggish economy and boosting demand for construction services and materials. According to the Malaysian Iron & Steel Industry Federation, world steel demand is expected to increase from 1.59 billion tonnes in 2017 to 1.63 billion tonnes in 2019, with targetable regional export opportunities in Southeast Asia. It is projected that Malaysia's apparent steel consumption will grow from 9.4 million tonnes in 2017 to 11.7 million tonnes and 12.4 million tonnes by 2020 and 2025 respectively.

Moving into financial year ending 31 March 2020, the Group remains cautiously optimistic on market prospects and achieving positive growths. The Group will continue to capitalise on its strengths to generate sustainable revenue, focused on building stronger relationships in customer segments as well as leverage on the Group's infrastructure and distribution networks for business growth. AYS will also exercise caution, implement vigilant risk management, and stay focused on asset efficiency, liquidity management and capital management as part of the balance sheet optimisation priorities going forward.

### Corporate Development

Save as disclosed below, there were no corporate developments that took place in the Group in FY 2019 and up to the date of this Annual Report.

On 9 May 2019, an internal reorganisation exercise has been undertaken involving the acquisition by the Company of 240,002 ordinary shares representing the entire share capital of AYS Capital Sdn Bhd (formerly known as Heapi Enterprise Sdn Bhd) ("AYSC") for a total cash consideration of RM1.00 from the Company's wholly-owned subsidiary, Ann Yak Siong Hardware Sdn Bhd ("Internal Reorganisation"). The Internal Reorganisation was undertaken as part of the plan to reorganise, streamline and rationalise the business and operational management structure. AYSC is now a direct subsidiary of the Company after the Internal Reorganisation.

On even date, AYSC entered into a conditional Sale and Purchase Agreement with certain shareholders of Steelar Pte Ltd ("Steelear"), being Chua Ley Hong (Cai Lihong), Chua Ley Suang (Cai Lishuang), Ang Tee Seng, Ang Yu Xin Aileen, Handi Saswita, Yee Yeow Cheong (Yu Yaochang) (collectively, the "Vendors"), for the acquisition of 3,570,000 ordinary shares representing 51% of the total issued share capital of Steelar for a total cash consideration of SGD1.00 (equivalent to approximately RM3.10) ("the Acquisition"). The Acquisition fits into AYS business expansion plan and it will create synergies through the combination of the Group and Steelar, such as revenue synergies where the Group would be able to grow its customer base and market share and procurement synergy. The Acquisition will further enable AYS to capitalise on its existing warehousing resources to further expand its existing business. The anticipated additional business contribution will also enhance AYS's profitability and returns to shareholders' funds. As at the date of this report, the Acquisition is pending completion.

### Dividend

In line with AYS's continued focus on shareholders returns, the Board of Directors recommends a final single tier dividend of 1.0 sen (FYE 2018: 1.0 sen) per share for the FYE 2019 subject to shareholders' approval at the forthcoming Annual General Meeting.

### Acknowledgement

On behalf of the Board of Directors, I would like to express my utmost and sincere appreciation and gratitude to our shareholders for the loyal support and maintaining trust in the Group's ability.

Sincere appreciation to our business partners and associates, financiers, regulatory authorities and all other stakeholders for their collaboration with our team to ensure the smooth operation of the Group.

Our deepest gratitude is reserved for our valued customers and suppliers who consistently support us in our continuous effort to be better and brighter.

My warmest gratitude is also extended to the management and employees, for their dedicated work and commitment to deliver results and to ensure the success of the Group.

Lastly, I also wish to express my gratitude to my fellow Board members for their support, astute insights and guidance.

May we continue to work together and forge ahead to achieve greater growth and success for the betterment of AYS.

**Haji Mohd. Sharif Bin Haji Yusof**

*Independent Non-Executive Chairman*

June 2019



# Management Discussion & Analysis

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The following operating and financial review is intended to convey the Management's perspective on the financial condition and on the operating performance of AYS Ventures Berhad and its group of companies ("AYS" or "the Group") for the financial year ended 31 March 2019 ("FYE 2019"). The following discussion of the Group's financial condition and result of operations should be read in conjunction with the audited financial statements and notes thereto and the other information included elsewhere in the 2019 Annual Report.

AYS Ventures Berhad has been listed on the Main Market of Bursa Malaysia since 2012. AYS Ventures Berhad and its group of companies ("AYS" or "the Group") are principally engaged in the trading and manufacturing of steel related products with strong customer base in dominant economic sectors such as construction, engineering and steel fabrication, oil & gas, power plant and shipbuilding.

The major activities in the Group's Trading & Services Division involves the distribution of a diverse range of steel products and construction materials as well as the warehousing and storage services. AYS is proud to be reckoned as one of the major suppliers for structural steel sections which are main steel material for construction of warehouses, high rise buildings, steel bridges, light and mass rail transport stations, manufacturing plants and processes facilities, infrastructure facilities such as air and sea terminals and its handling equipment. Over the years, AYS has also developed very strong supplier networks internationally that provides reliable source of quality materials to suit the various demands of customers for different quality requirements.

The Manufacturing Division focuses on the making of two distinct product types:-

- pressed steel and fiberglass reinforced polyester sectional water tanks used for portable and firefighting water storage in buildings and factories; and
- steel purlins and structural steel components used in the steel construction industry.

The Company's share price performance in FYE 2019 and other share trading details in the last 5 financial years are summarised as follows:

	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Market capitalisation (RM'million)	117.929	98.909	108.419	146.461	144.559	125.538
Trading volume ('million)	37.454	51.931	7.314	215.652	577.773	43.116
Closing Price (RM)	0.310	0.260	0.285	0.385	0.380	0.330
Highest Closing Price (RM)	0.385	0.380	0.310	0.445	0.655	0.435
Lowest Closing Price (RM)	0.255	0.250	0.215	0.240	0.375	0.320
Dividend per Share (RM)	0.010	0.010	0.010	0.025	0.025	0.010
Basic EPS (RM)	0.034	0.018	0.022	0.073	0.062	0.041



## FINANCIAL PERFORMANCE

For the FYE 2019, the AYS Group reported a higher revenue of RM599.347 million compared to the revenue of RM562.508 million in the FYE 2018. The increase in revenue was primarily derived from the higher revenue achieved by the Trading & Services Division, which saw its revenue increase to RM535.228 million from that of RM512.845 million in the FYE 2018 on the back of higher sales volume and higher selling prices of steel products resultant from higher market demand. The Manufacturing Division also improved its revenue to RM64.119 million from that of RM49.663 million in the preceding year mainly due to higher sales volumes and higher selling prices of steel purlins, structural steel components and wire products, bolstered by the higher demand from the private sector despite lower sales volume of panels and components for sectional tanks, the effect of which was offset by higher selling price.

AYS recorded profit before tax of RM21.127 million in the FYE 2019 which was RM11.527 million lower than FYE 2018 of RM32.654 million despite the higher revenue recorded. This was due to the pressured margins with higher cost of goods sold brought on by the increase in purchase prices of steel products and higher finance costs as additional trade facilities were used for working capital requirements for the purchases of trading stocks.

The lower other income in the financial year under review was mainly due to the lower impairment for doubtful debts no longer required, fair value gain on investment properties, sales of scrap and interest income on fixed deposits despite the higher realised interest income on overdue accounts and service & handling fees.

Selling and Distribution expenses increased by 7.8% or RM0.666 million to RM9.219 million in the FYE 2019 from RM8.553 million in the FYE 2018 mainly due to higher transportation cost reflective of the higher sales volume.

Administration expenses increased by 2.4% or RM0.606 million to RM25.843 million in the FYE 2019 from RM25.237 million in the FYE 2018. This was principally due to higher staff related costs, attributable to the increase in the number of employee head count and taking into consideration the need to offer a competitive remuneration in line with the market to reward and retain caliber employees as well as the higher administration cost for the full year operation of PKFZ warehouse and steel structure components production activity compared to the fewer months of operation in FYE 2018.

Other expenses decreased by 18.9% or RM1.515 million to RM6.487 million in the FYE 2019 from RM8.002 million in the FYE 2018. This was mainly due to the incorporation of recognition of revaluation loss on property, plant and equipment comprising of buildings, bad debts written off and allowance for impairment loss of inventories in the FYE 2018 despite higher depreciation charges on property, plant and machinery in the current financial year.

Total finance costs increased by 37.0% or RM3.369 million to RM12.472 million in the FYE 2019 from RM9.103 million in the FYE 2018 mainly attributable to increase in borrowings by RM93.178 million from RM219.637 million as at 31 March 2018 to RM312.815 million as at 31 March 2019. At the same time, EBITDA (earnings before interest, tax, depreciation and amortisation) has declined by 15.8% from RM44.295 million in FYE 2018 to RM37.303 million in FYE 2019 which was preliminary resultant from the declined operating profit and higher finance costs.

The Group discontinued to recognise further share of loss of the associated company, AOK Engineering Services Sdn Bhd ("AOK") in the FYE 2019 due to the share of losses has exceeded its share of net assets of AOK.

The tax expense was RM5.381 million in the FYE 2019 whereby the effective tax rate was higher than the statutory tax rate of 24% mainly due to some expenses which are not tax deductible, non-available group tax relief, underprovision of taxation in prior year, provision of deferred taxation but the effect has been mitigated by certain incomes which are not taxable.

The Group's property, plant and equipment decreased from RM108.682 million in the FYE 2018 to RM106.410 million in the FYE 2019 mainly due to the depreciation charged during the financial year under review of RM4.803 million offset by the additional purchase of property, plant and equipment with aggregate costs of RM2.799 million.

The Group's investment properties increased by RM1.808 million to RM26.295 million as at end of the FYE 2019 from RM24.487 million in the FYE 2018, mainly due to the inclusion of the final progress claim and capitalisation of stamp duty paid for a unit of 1½-storey detached factory at i-Park@Senai Airport City, Senai, Johor.

There was an increase in the inventories to RM328.791 million or inventory turnover of 227 days compared to the last financial year end inventories of RM217.740 million or inventory turnover of 165 days. The higher inventory turnover reflected the higher purchase of steel products in anticipation of the revival of Government infrastructure projects in the subsequent financial year. Nonetheless, AYS always ensure that optimal and sustainable inventory levels are maintained conforming to trade-cycle for timely deliveries to customers.

The Group's trade receivables was higher at RM164.634 million compared to RM153.466 million as at the end of FYE 2018 but comparable in its turnover of 100 days with that of the previous financial year.

The Group's liquidity remained positive and healthy in FYE 2019 with current and quick ratios at 1.39 and 0.52 compared to 1.50 and 0.70 respectively in FYE 2018. The cash and cash equivalents at end of current financial year amounted to RM18.022 million, a decrease of RM10.608 million from FYE 2018. The declined in ratios and cash and cash equivalents were mainly attributable to higher working capital resulted from higher inventories holding. Nevertheless, the Group will always carefully manage the cash to ensure that all the financial needs of the Group for its operations and investments are adequately met.

The trade payables increased to RM54.295 million or turnover of 38 days as compared to RM38.650 million or turnover of 29 days as at the end of FYE 2018 mainly due to higher purchase of steel products. The Group's current bank borrowings was at RM312.815 million as compared to RM219.637 million as at the end of FYE 2018, which mainly consist of bankers' acceptance which was generally used for the purchase of steel products. With the increased borrowings, the Group's gross gearing and net gearing ratio has increased to 1.14 times and 1.08 times respectively as at the end of FYE 2019 as compared to 0.84 times and 0.73 times respectively as at the end of FYE 2018. The higher net trade payables and bank borrowings were mainly attributable to the higher inventory holding.

Total equity increased by 4.40% to RM273.942 million as at the end of FYE 2019 from RM262.400 million as at the end of FYE 2018, mainly attributable to profits made in the FYE 2019 and was offset by final dividend paid to shareholders in respect of the FYE 2018.

### REVIEW OF OPERATING ACTIVITIES

Business environment in Malaysia during the financial year under review was challenging with several unexpected events that had dampened market sentiment especially in the construction industry which underwent a rationalisation exercise to align with the fiscal policy of the day.

The global steel trade environment started to weaken during the beginning of the financial reporting year when the American government imposed the Section 232 tariffs on steel imports (25% tariff) followed by the definite safeguard measures on steel imports by the European Union. The international steel market dynamic was impaired and selling prices laid low in general and this affected effort to improve the selling prices domestically. The situation is not expected to improve in 2019 as trade barriers and global steelmaking overcapacity continue to impact the market.

In 2018, the Chinese authority met their target to remove 150 million tonnes of steel making capacity that is classified as non-efficient or not meeting environmental emission requirement. However, the total steel production capacity in China for 2018 still grew by 9% due to replacement capacity and upgrading of existing facilities. Thus, the overcapacity situation is still prevalent and will weigh to the uncertainty in price stability. The Group continues to foresee challenging conditions in the global steel market that could impact the domestic operation.

Domestically, post-election in May 2018, the new Malaysian Government had reviewed all major infrastructure projects and deferred several key large infrastructure projects. The temporary suspension of these projects has placed tremendous pressure on the construction industry and seriously impacted the value chain that supports the construction activities. Whilst some of the activities of these projects have been restored, the completion time has been extended and this had adversely affected the achievement for the financial year under review.

The Group continues to emphasize on work culture associated to the spirit of Integrated Management System "IMS" which the Group has adopted and received certification in 2018. Obvious improvement on inventory management and logistic arrangement has been achieved and will continue to be monitored.

The Group continued to promote Building Information Modelling (BIM) application in the steel construction industry and offered a bundle of services together with the Manufacturing Division to expedite market adoption. Positive feedbacks have been received from customers who have experienced the benefit of the BIM application from the works that AYS was engaged in. The Group expects there will be exponential growth in the demand for these services when the domestic construction industry recovers.

Both the steel purlins and sectional water tanks production has had a long history in the Group activities. As part of the Group's growth strategy, it has started the structural steel components production in the last quarter of FYE 2018 with the establishment of its fully automated state of the art Computer Numerical Control (CNC) structural steel facilities that is Industry 4.0 ready. The equipment used in this facility communicates directly through a computer system for all production details.

AYS is currently looking into realignment of its production facilities to transform the manufacturing business into a full-fledged Industrialised building system ("IBS") certified supplier. This endeavour is in response to the call by the Government to increase IBS participation and aims to reduce reliance on imported labour in the construction sector.

AYS operates its three factories and four warehouses in four locations in Klang Selangor, covering a combined factory and warehousing area of approximately 27 acres with total of about 578,000 square feet of covered warehouse. The PKFZ warehouse operation that commenced operations in the last quarter of the FYE 2018 has proven to be effective in achieving our initial objective on warehouse rationalisation to improve efficiency and turnaround time. The Group expects to see better results from the warehousing operations as the rationalisation program is still on going.

AYS is committed to continuously practising the corporate social responsibility all the way down the line in the business model. AYS continues to engage with students at tertiary education to instill knowledge of steel construction via supporting activities of Malaysia Structural Steel Association and coaching students on their research related to steel construction. The Group also provides intern opportunity to students interested in the subject to grow their aspiration for steel application. As part of AYS's strategy on sustainable development, AYS shall continue to sponsor meaningful educational activities associated to steel application in construction.

As at 31 March 2019, the Group has 283 employees to operate, produce and serve at the highest-level of efficiency.

### ANTICIPATED OR KNOWN RISKS

Steel commodity is known for its volatility in pricing as it is affected by the cost of iron ore and several other alloys, oil price and energy cost and even natural disaster that disrupt iron ore supply or transportation of the product could fluctuate steel prices. However, at AYS, the main steel product that AYS handled is one that is exposed to lesser fluctuation and through the Group's inventory management and procurement strategies, AYS is able to minimise the impact of global price fluctuation thus mitigating the negative effect on the Group's business.

AYS is exposed to foreign currency rates fluctuations in the normal course of its business. Fluctuations in foreign exchange rates affect the cost competitiveness, profitability, and valuation of the Group's operations. AYS has in place a responsive action plan to manage and closely monitor the movement of foreign currency exchange rates to minimise the potential adverse effects.

Credit risk is another aspect of the business whereby the credit control function is of critical importance. The Group has to maintain business and at the same time keep sensitivity to credit exposure. The Group's credit control team and the sales team work very closely to evaluate every business dealing to ensure credit risk is within control. Together with regular management review on credit exposure, AYS's credit risk is well managed and exposure is within control.

Other risk on the business growth of the Group will be the escalating trade tensions between the US and China as well as geopolitical risk that constitute the uncontrollable external factor. Notwithstanding that AYS will continue to monitor these risks and its implication on the business.

### BUSINESS OUTLOOK & PROSPECT

According to Bank Negara Malaysia, Malaysia's economy grew 4.5% for the first quarter of 2019 and estimates its GDP to register growth at between 4.3 and 4.8% in 2019. We anticipate a growth in the second half of the year amid the revival of key infrastructure projects policy clarity, looser monetary policy and a lower base effect. For the construction industry, the Ministry of Finance's Economic Report 2018/2019 projected a growth of 4.7% in 2019 supported by new planned supply of affordable homes, infrastructure projects such as KVMRT Line 2, Pan Borneo Highway, ECRL, LRT 3, continued development of TRX and Bandar Malaysia. With such these positive outlooks, AYS expects the performance of its Trading & Services Division to remain positive in the financial year 2020.

In addition, AYS has implemented action plan to boost regional trade and expect to see a stronger performance in the new financial year with the proposed acquisition of interest in Steelaris Pte Ltd, a Singapore based-company that provides steel sourcing and project management services to the construction, offshore and marine industry in the South East Asian region. The proposed acquisition is pending completion of the conditions precedent as at the date of issuance of this report.

With the positive outlook in the construction sector, the Group expects better book orders for the manufacture of purlins and sectional water tanks. For the structural steel components manufacturing, the production process after some initial hitches will start to boost productivity. AYS expects a satisfactory contribution performance to the Group from all the manufacturing units for the new financial year 2020.

### DIVIDEND

After taking into consideration the challenging market conditions as well as to retain adequate reserves for future growth and expansion, the Board of Directors recommends a final single tier dividend of 1.0 sen (FYE 2018: 1.0 sen) per share for the FYE 2019 subject to shareholders' approval at the forthcoming Annual General Meeting.

# Corporate Governance Overview Statement

The Board of Directors (“the Board”) of AYS VENTURES BERHAD (“the Company”) recognises that the exercise of good corporate governance in conducting the affairs of the Company and its subsidiaries (“the Group”) is the key component for the Group’s continuing progress and success as these would not only safeguard and enhance shareholders’ value but also provide some assurance that the interests of the other stakeholders are preserved. The Group will continue to endeavour to comply with all the key Principles and Practices of the Malaysian Code on Corporate Governance (“the Code”) in its effort to observe high standards of transparency, accountability and integrity.

During the financial year ended 31 March 2019 (“financial year 2019”), the Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code.

The Code does provide that if the Board finds that it is unable to implement any of the Code’s practices, the Board should apply a suitable alternative practice to meet the Intended Outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the Code are available in the Corporate Governance (CG) Report that is available in the Company’s website [www.ays-group.com](http://www.ays-group.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with the relevant rules and regulations, directives and guidelines in addition to adopting the Practices in the Code and act in the best interest of the Group and shareholders. The Board has adopted a Board Charter that clearly identifies the respective roles and responsibilities of the board, board committees, individual directors and management; and issues and decisions reserved for the Board. The Board Charter is available on the Company’s website.

The Board’s most important functions are as follows:

- ensuring that the Group’s goals are clearly established, and strategies are in place to achieve them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build business through innovation, initiative, technology and the development of its business capital;
- monitoring the performance of Management;
- appointing the Group Managing Director (“GMD”) and setting the terms of his employment contract;
- deciding on steps which are deemed necessary to protect the Company’s financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company’s financial statements are true and fair and conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behavior; and
- ensuring that the Company has appropriate risk management or regulatory compliances policies in place.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to Management’s responsibilities, which the Executive Directors are aware and are responsible for meeting. The decision making of the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group is reserved to the Board and formally set out in the Board Charter.

The principal risk of all aspects of the business that the Group is engaged in is recognised by the Board. As business decisions require the incurrence of risk, the Board has in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group. This is to achieve a proper balance between risks incurred and potential returns to shareholders.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

The Board is headed by an Independent Non-Executive Chairman with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The roles of the Chairman of the Board and GMD are segregated. The Chairman is primarily responsible for the proper conduct and working of the Board whilst the GMD is responsible for the day-to-day running of the business and implementation of Board policies and decisions. The positions of the Chairman and the GMD are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group’s business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and GMD. The details of these responsibilities are set out in the Board Charter.



As certain Board functions are delegated to Management, the Board ensures Management is of the highest caliber and has in place programmes to train and develop Management and also provide for the orderly succession of Management.

The Board recognises the importance to devote sufficient time and efforts to carry out their duties and responsibilities and has committed to this requirement at the time of their appointment. A Director of the Company is at liberty to accept other Board appointments so long as the appointment is not in conflict with the business of the Company and does not affect his performance as a Director. None of the Directors of the Company hold more than five (5) directorships in public listed companies.

The Board is supported by an External Company Secretary who is a Fellow Member of the Malaysian Institute of Chartered Secretaries & Administrators and has more than 30 years of experience in the corporate secretarial field. The Company Secretary provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation. All Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary, at the expense of the Company. The Company Secretary also serves in that capacity in the various Board Committees. The Company Secretary also serves notice to Directors and Principal Officers of the Company on the closed periods for trading in the Company's share accordance to Chapter 14 on Dealings in Listed Securities of the Listing Requirements.

### **Board Composition and Balance**

The Board currently comprises of four (4) Independent Non-Executive Directors and Chairman, four (4) Executive Directors and a Non-Independent Non-Executive Director. The Board's composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least one-third of the Board to comprise of independent directors.

The Board takes cognisance of the Code's Practice to have at least half of the Board to comprise of Independent Directors. At the moment, the Independent Directors form 44% of the Board. There is still effective oversight of management as the Chairman of the Board is an Independent Director and all decision making by the Board goes through rigour discussions to ensure the decisions are made objectively in the best interest of the Company.

The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activities. The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as entrepreneurship, manufacturing, marketing, business development, finance, accounting and legal.

The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group. As the Company was only listed in 2012, the tenure of the Independent Non-Executive Directors of the Company are still below the 9 years limit as recommended in the Code. The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board intends to retain an Independent Director who has served in that capacity for more than nine (9) years, the Board will justify its decision and seek shareholders' approval.

Whilst the Executive Directors handles the day-to-day operations and implements the decisions of the Board, the Non-Independent Non-Executive Director of the Company provides guidance on strategy and continuity, using his expertise to add value to the long-term planning oversight of Key Risk Areas.

The Company does not have a policy on diversity of gender, ethnicity and age. The appointment of Ms Seow Nyoke Yoong and Ms Oh Pooi Foon as Directors reflects that the Board recognises the value of a lady member on the Board. Currently women directors form 22% of the Board members. The age of the Directors range from 39 to 80 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

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

During the financial year 2019, the Board through its Nomination Committee conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The Nomination Committee is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.



## Supply of Information

An agenda together with the relevant papers covering quantitative and qualitative information are distributed to all Directors within a week of the scheduled meetings. The Board members are provided with comprehensive explanation of pertinent issues and recommendations by the Management and issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. The Board members are also updated on the Group's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis whether as a full Board or in their individual capacity in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

## Board Meetings

There were five (5) Board of Directors' Meetings held during the financial year ended 31 March 2019. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:-

DIRECTORS	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Haji Mohd. Sharif Bin Haji Yusof	5/5	100
Seow Nyoke Yoong	5/5	100
Mohamad Fazlin Bin Mohamad	5/5	100
Dato' Wan Hashim Bin Wan Jusoh	5/5	100
Oh Chiew Ho	5/5	100
Oh Yung Sim	5/5	100
Oh Pooi Foon	5/5	100
Tay Kim Chuan	5/5	100
Toh Tuan Sun	5/5	100

The Board meets at least four (4) times a year and as and when it is necessary. Due notice of matters to be discussed are provided to the Board 5 days before the meetings are held. The proceedings, deliberations and conclusions made by the Board are properly recorded in the minutes of meetings kept by the Company and circulated to the Board and Board Committees for confirmation before the meeting of the Board and Board Committees and signed by the Chairman of the meeting.

## Appointment to the Board

The principal function of making recommendations for new appointments or re-election of retiring Directors is delegated to the Nomination Committee.

A Nomination Committee has been established by the Board comprising wholly of Independent Non-Executive Directors as follows:

Seow Nyoke Yoong	<i>Chairman (Independent Non-Executive Director)</i>
Haji Mohd. Sharif Bin Haji Yusof	<i>Member (Independent Non-Executive Director)</i>
Mohamad Fazlin Bin Mohamad	<i>Member (Independent Non-Executive Director)</i>

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

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

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

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

The Board had assessed the Nomination Committee if the latter has ensured that there is an effective procedure for identifying, nominating and appointing caliber new board members, evaluated if the education programme is in place and reviewed feedbacks from individual Directors.

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

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

## Directors' Training

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

The Directors are encouraged to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes to enable them to sustain their active participation in board deliberations.

The Board views that visit to operational premises and manufacturing facilities of the Group and suppliers would also allow the Directors, in particular the Independent Directors to have a better understanding on the flow of work through a facility, the quality assurance and operational improvements. During the financial year, all the Directors toured a supplier's manufacturing facility in Thailand and learnt of the manufacturing processes, production planning and existing capabilities to meet the demand of customers.

In addition to the above, the following Directors have attended external training courses and programmes during the financial year.

DIRECTOR	TRAINING ATTENDED	DATE
Haji Mohd. Sharif Bin Haji Yusof	Sustainability Engagement Series for Directors / CEOs	5 July 2018
	The Malaysian Code on Corporate Governance - A Paradigm Shift to Raise The Bar of Corporate Governance	26 July 2018
	Sales and Service Tax Briefing	22 October 2018
Seow Nyoke Yoong	Read, Interpret & Analyse Financial Statements	19 July 2018
	ASC Webinar 2018: The Future of Board Evaluation	30 November 2018
Mohamad Fazlin Bin Mohamad	Read, Interpret & Analyse Financial Statements	19 July 2018
Dato' Wan Hashim Bin Wan Jusoh	The Malaysian Code on Corporate Governance 2017 and Sustainability Reporting	28 August 2018
Oh Pooi Foon	Building & Construction Conference	14 November 2018
Tay Kim Chuan	Sustainability Engagement Series for Directors / CEOs	5 July 2018

## Directors' Remuneration

The Remuneration Committee had been established by the Board comprised majority of Independent Non-Executive Directors, as follows:-

Seow Nyoke Yoong	<i>Chairman (Independent Non-Executive Director)</i>
Haji Mohd. Sharif Bin Haji Yusof	<i>Member (Independent Non-Executive Director)</i>
Mohamad Fazlin Bin Mohamad	<i>Member (Independent Non-Executive Director)</i>

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.

The Remuneration Committee met twice during the financial year ended 31 March 2019 to review the Non- Executive Directors' fees and allowance, remuneration package of the existing Executive Directors and the annual bonuses and increments.

## Corporate Governance Overview Statement *cont'd*

Details of Directors' remuneration for the financial year ended 31 March 2019 are set out as below:

### Company level

	FEES	SALARIES AND OTHER EMOLUMENTS	MEETING & OTHER ALLOWANCES	STATUTORY CONTRIBUTION	BENEFITS-IN- KIND	TOTAL
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Haji Mohd. Sharif Bin Haji Yusof	76.0	-	9.5	-	-	85.5
Seow Nyoke Yoong	77.5	-	9.5	-	-	87.0
Mohamad Fazlin Bin Mohamad	80.0	-	9.5	-	-	89.5
Dato' Wan Hashim Bin Wan Jusoh	70.0	-	8.5	-	-	78.5
Oh Chiew Ho	36.0	-	-	-	-	36.0
Oh Yung Sim	36.0	-	-	-	-	36.0
Oh Pooi Foon	36.0	-	-	-	-	36.0
Tay Kim Chuan	36.0	-	-	-	-	36.0
Toh Tuan Sun	36.0	-	-	-	-	36.0

### Group level

	FEES	SALARIES AND OTHER EMOLUMENTS	MEETING & OTHER ALLOWANCES	STATUTORY CONTRIBUTION	BENEFITS-IN- KIND	TOTAL
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Haji Mohd. Sharif Bin Haji Yusof	76.0	-	9.5	-	-	85.5
Seow Nyoke Yoong	77.5	-	9.5	-	-	87.0
Mohamad Fazlin Bin Mohamad	80.0	-	9.5	-	-	89.5
Dato' Wan Hashim Bin Wan Jusoh	70.0	-	8.5	-	-	78.5
Oh Chiew Ho	36.0	2,559.5		470.3	28.0	3,093.8
Oh Yung Sim	36.0	605.1		113.7	24.0	778.8
Oh Pooi Foon	36.0	606.5		114.8	28.0	785.3
Tay Kim Chuan	36.0	446.3		84.3	13.3	579.9
Toh Tuan Sun	36.0	880.0		167.8	17.4	1,101.2

Practice 7.2 of MCCG 2017 states that the Company should disclose on a named basis the top (5) Senior Management's remuneration component including salary, bonus, benefits-in-kind and other remuneration in bands of RM50,000. The Company has identified 5 senior management personnel as its key senior management (their names and respective profile as stated on page 9 of the Annual Report) and their remuneration was determined by the performance management system adopted by the Group which reflects market value and based on individual performance, roles and job responsibilities, level of skills and experience, and the Group's performance against financial objectives. The Board is of the view that such disclosure will give rise to recruitment and talent retention issues and would be adverse implication including dissatisfaction and animosity among the staff, hence will not apply this Practice.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Accountability And Audit

The oversight function of the Board is served by the Audit Committee that has been established comprising wholly of Independent Non-Executive Directors as follows:-

Mohamad Fazlin Bin Mohamad	<i>Chairman (Independent Non-Executive Director)</i>
Seow Nyoke Yoong	<i>Member (Independent Non-Executive Director)</i>
Haji Mohd. Sharif Bin Haji Yusof	<i>Member (Independent Non-Executive Director)</i>
Dato' Wan Hashim Bin Wan Jusoh	<i>Member (Independent Non-Executive Director)</i>

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

In line with the best practice, the Audit Committee Chairman is appointed by the Board and is not the Board Chairman.

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference. It shall have full and unrestricted access to any information pertaining to the Group. The Audit Committee is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by it.

The detailed Terms of Reference of the Audit Committee outlining the composition, duties and functions, authority and procedures of the Audit Committee are published and available on AYS's website at [www.ays-group.com](http://www.ays-group.com).

AYS has always recognised the need to uphold independence. None of the members of the current Board was a former key audit partner within the cooling-off period of two (2) years. Hence, no such person being appointed as a member of the Audit Committee.

The Audit Committee carried out an assessment of the performance and suitability of Messrs Grant Thornton Malaysia the External Auditors based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The Audit Committee is generally satisfied with the independence, performance and suitability of Messrs Grant Thornton Malaysia based on the assessment and is recommending to the Board and shareholders for approval for the re-appointment of Messrs Grant Thornton Malaysia as External Auditors for the financial year ending 31 March 2020.

The assessment of Performance of Audit Committee is conducted annually by the Nomination Committee. The evaluation process amongst others considered whether the Audit Committee had met its purpose, whether its composition was appropriate, and whether it had the necessary authority and processes to carry out its functions and fulfill its obligations. The Nomination Committee was satisfied with the performance of the Audit Committee.

### Risk Management and Internal Control Framework

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board of Directors is aware that a risk management framework and sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group's internal audit function is undertaken on a co-sourcing basis. The Company's in-house Internal Auditor works together with UHY Advisory (KL) Sdn. Bhd. to perform the independent risk-based internal audit review on the key operational areas of the Group.

The Statement on Risk Management and Internal Control set out in Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

## Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors prior to submission to Bursa Malaysia Securities Berhad. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing section.

## Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2019, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

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

## Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee reviews and monitors the suitability and independence of external auditors. To provide support for an assessment on independence, the Audit Committee obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

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

### Communication with Stakeholders

AYS is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

### Conduct of General Meetings

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings is held as and when required. As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the Code.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation of and engagement with shareholders at the AGM in 2018, all Directors, including members of Audit Committee, Nomination Committee and Remuneration Committee, attended and participated in the AGM.

### Dialogue with Investors

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

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

# Audit Committee Report

## COMPOSITION

Mohamad Fazlin Bin Mohamad  
*Chairman, Independent Non-Executive Director*

Haji Mohd. Sharif Bin Haji Yusof  
*Member, Independent Non-Executive Director*

Seow Nyoke Yoong  
*Member, Independent Non-Executive Director*

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

## AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2019, four (4) Audit Committee Meetings were held and the details of attendance of each member are as follows:-

AUDIT COMMITTEE MEMBERS	TOTAL MEETINGS ATTENDED
Mohamad Fazlin Bin Mohamad	4/4
Haji Mohd. Sharif Bin Haji Yusof	4/4
Seow Nyoke Yoong	4/4
Dato' Wan Hashim Bin Wan Jusoh	4/4

## FUNCTIONS OF AUDIT COMMITTEE

The main functions of the Committee include the following:

- (1) review the following and report the same to the Board:
  - (a) with the external auditors, the audit plan;
  - (b) with the external auditors, their evaluation of the system of internal controls;
  - (c) with the external auditors, their audit report;
  - (d) the assistance given by the employees of the Company to the external auditors;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
    - (iii) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors of the Company; and
  - (j) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
- (2) recommend the nomination of a person or persons as external auditors.

- (3) assessment of financial risk.
- (4) to consider the major findings of internal investigations and management's response.

## ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2019, the Audit Committee, in discharging its functions and duties, carried out the following activities:-

- Reviewed the quarterly reports of the Group prior to submission to the Board of Directors for consideration and approval;
- Reviewed the audited financial statements of the Company and of the Group for the financial year ended 31 March 2018 prior to submission to the Board of Directors for consideration and approval;
- Reviewed the Statement on Risk Management and Internal Control ("SRMIC") in respect of the financial year ended 31 March 2018 and the external auditors' report on the SRMIC prior to submission to the Board of Directors for consideration and approval;
- Reviewed the Audit Committee's report in respect of the financial year ended 31 March 2018 prior to submission to the Board of Directors for consideration and approval;
- Reviewed and approved the Audit Planning Memorandum and Internal Audit Plan;
- Reviewed and discussed the Internal Audit Reports;
- Reviewed and discussed on the Enterprise Risk Management Report;
- Recommended the re-appointment of external auditors and the payment of audit fees;
- Reviewed the recurrent related party transactions;
- Reviewed the performance of the Group; and
- Reviewed the competency and effectiveness of the internal auditors and external auditors.

## Internal Audit Function

The Company's internal audit function is undertaken on a co-sourcing basis. The Company's in-house Internal Auditor works together with UHY Advisory (KL) Sdn Bhd ("UHY") to perform the independent risk-based internal audit review on the key operational areas of the Group. The internal audit function is responsible to conduct consistent and systematic review on the adequacy and integrity of internal control systems to provide reasonable but not absolute assurance to ensure risks are appropriately identified and mitigated. The Internal Audit Plan for the year 2018/2019 was tabled and approved. The four main areas identified for review encompassed the following:-

- (i) Logistics Function (Outsourced) & Customer Service Function;
- (ii) Operational Review on the Purlin and Steel Service Centre;
- (iii) Accounts Receivable and Accounts Payable Function; and
- (iv) Operational Review on the subsidiary, AYS (FZ) Sdn Bhd (formerly known as Infinity FZ Sdn Bhd).

An internal audit review report is submitted to the Audit Committee on a quarterly basis. Criteria to be addressed in the report include risk identification and mitigation, corrective action plans and implementation of the plans by the Management.

Follow-up visits were carried out to ensure weaknesses identified have been or are being addressed. Periodic internal audit reports and status on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings.

During the financial year ended 31 March 2019, an amount of RM232,702 was incurred in respect of the Group's internal audit function.



# Nomination Committee Report

## COMPOSITION

The Company has established a Nomination Committee comprising exclusively of Independent Non-Executive Directors, as follows:-

Seow Nyoke Yoong	<i>Chairman (Independent Non-Executive Director)</i>
Haji Mohd. Sharif Bin Haji Yusof	<i>Member (Independent Non-Executive Director)</i>
Mohamad Fazlin Bin Mohamad	<i>Member (Independent Non-Executive Director)</i>

The Nomination Committee has a written terms of reference dealing with its authority and duties which includes the selection and assessment of directors.

## FUNCTIONS

The key functions of the Nomination Committee include the following:-

- Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness;
- Review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report;
- Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors;
- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board taking into consideration the skills, knowledge, expertise and experience; professionalism; integrity of the candidate; and in the case of candidates for position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- Formalise a transparent procedure for proposing new nominees and recommending on the suitability of candidates nominated for appointment to the Board and to fill the seats of the Audit, Nomination, Remuneration and other Committees; and
- Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.

The Nomination Committee met one time during the financial year ended 31 March 2019.

## ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2019, the Nomination Committee, in discharging its functions and duties, carried out the following activities:-

- reviewed the mix of skill and experience and other qualities of the Board;
- assessed the effectiveness of the Board as a whole, the Board committees and the Directors;
- reviewed the composition of the Committee in accordance to the Malaysian Code on Corporate Governance; and
- discussed and recommended the re-election/re-appointment of retiring Directors.

The Nomination Committee upon its annual assessment carried out for financial year 2019, was satisfied that:-

- the size and composition of the Company Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
- the Board has been able to discharge its duties professionally and effectively;
- all the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- all the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective work experience, academic, and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;
- the Independent Directors bring independent and objective judgement to the Board and mitigates risks arising from conflict of interest or undue influence from interested parties;
- the Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- all the Directors have received training during the financial year ended 31 March 2019 that is relevant and would serve to enhance their effectiveness in the Board.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound internal control system and risk management to safeguard the shareholders' investments and the Group's assets. The Board of Directors ("Board") is committed to maintain a sound system of risk management and internal control in the Group. Set out below is the Board of Directors' "Statement on Risk Management and Internal Control" which has been prepared in accordance with the paragraph 15.26 (b) of the Main Market Listing Requirements and Guidelines for Directors of Listed Issuers: Statement on Risk Management and Internal Control.

## RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsible for the adequacy, integrity and effectiveness of the AYS Group's ("the Group") risk management and internal control system. The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's and business objectives will be achieved. The Board regularly reviews the internal control system to ensure it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. Management assists the Board in the implementation of the Board's framework, policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board has received assurance from the Group Managing Director and the Group Financial Controller that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

## RISK MANAGEMENT

The Board of Directors is aware that a risk management framework and sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group has in place an on-going process for identifying, monitoring and managing significant risks that may affect the achievement of business objectives.

Management is continuously reviewing potential risk areas through discussions held at half yearly management meetings and reported to Audit Committee. Where a particular risk is identified, it will be monitored with counter measures taken to mitigate the risk, if possible.

## Internal Review and Audit

The Group's internal audit function is undertaken on a co-source basis. The Company in-house Internal Auditor works together with UHY Advisory (KL) Sdn Bhd and reports directly to the Audit Committee. In addition, the internal audit function is responsible to conduct consistent and systematic review on the adequacy and integrity of internal control systems to provide reasonable but not absolute assurance to ensure risks are appropriately identified and mitigated.

An internal audit review report is submitted to the Audit Committee on a quarterly basis. Criteria to be addressed in the report include risk identification and mitigation, corrective action plans and implementation of the plans by the Management.

Follow-up visits were carried out to ensure weaknesses identified have been or are being addressed. Periodic internal audit reports and status on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings.

## Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG") 3 issued by the Malaysian Institute of Accountant ("MIA") for inclusion in the annual report for the year ended 31 March 2019. Based on their review, nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control cover all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon.

## CONCLUSION

The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

During the financial year under review, the Board is satisfied that no material losses, deficiencies or errors were arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report.

The Board will continue to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and the Group's assets are consistently safeguarded.

This statement was approved by the Board on 30 May 2019.

# Sustainability Statement

AYS Ventures Berhad ("AYS" or "the Group") is pleased to present our second sustainability statement in line with the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") in October 2015.

In order to produce a meaningful statement that is based on a recognised international framework, we have aligned our report with the requirements of the Global Reporting Initiative ("GRI") Sustainability Reporting Standards (Core Option) and Bursa Securities' Sustainability Reporting Guide (2nd Edition, February 2018). It should be noted that this is a year of transition where we build linkages from G4 to GRI Standards and move towards a more defined plan for sustainability. As applicable, the GRI indicator numbers, denoted in parenthesis next to the main titles throughout the statement, reference the specific disclosure of the standards.

## Reporting Scope [102-2, 102-52]

The scope of this sustainability statement extends to our key subsidiaries as listed below.

Ann Yak Siong Hardware Sdn Bhd ("AYSH")	AYS Marketing Sdn Bhd ("AYSM")	AYS Metal Products & Engineering Sdn Bhd ("AYSMPE")
*AYS Wire Products Sdn Bhd ("AYSW")	CH Yodoform Sdn Bhd ("CHY")	AYS (FZ) Sdn Bhd ("AYSFZ") (Formerly known as Infinity FZ Sdn Bhd)

\*AYSW has ceased operation on 31 December 2018.

## Reporting Period [102-50]

The qualitative and quantitative data presented in this sustainability statement represents the Group's Economic, Environmental and Social ("EES") performances from 1 April 2018 to 31 March 2019, unless stated otherwise.

## SUSTAINABILITY COMMITMENT STATEMENT

The Group's vision and mission embodies our strong commitment to sustainable development.

### VISION

To excel as a regional strategic steel distribution hub catering to the needs of the engineering, fabrication and construction industry.

### MISSION

- Providing customers with total solution in quality products and services.
- Broadening our product range and value-added activities.
- Practising good corporate social responsibilities.
- Rewarding all stakeholders equitably.

Our sustainability agenda is shaped through our principles of sustainability, underpinned by the Group's Environmental, Social and Governance ("ESG") Policy as well as our Sustainability Strategy.

Environmental, Social and Governance ("ESG") Policy	
	<ul style="list-style-type: none"><li>• Balancing EES risks and opportunities in the interest of stakeholders to enhance investors perception and public trust.</li><li>• Making the Earth a better place to live in through responsible investment and weigh on an appropriate risk-return profile for these investment.</li><li>• Considering the impacts of the Group's operations on the local community.</li><li>• Ensuring potential negative impacts on environment, society, human health and safety are properly assessed, addressed and monitored.</li><li>• Focusing on compliance and policies, and uplifting the integrity of the Group's subsidiaries, its shareholders, Board of Directors and employees.</li></ul>

102-2: Activities, brands, products, and services

102-50: Reporting period

102-52: Reporting cycle

## Sustainability Strategy

Building on our ESG Policy, we formulated an overarching sustainability strategy which serves as a general guiding framework for the Group in steering the organisation towards sustainable growth and development. Our overall strategy encompasses EES risks and opportunities for the Group which are broken down into four key pillars; Economic, Workplace, Environment and Society.



## United Nations Sustainable Development Goals

In this financial year, we began preliminary efforts to incorporate the 17 United Nations Sustainable Development Goals (“UNSDGs”), where applicable, into our daily business with the goal of embedding sustainability into the Group’s operations.

We mapped the EES risks and opportunities arising from our business operations to five UNSDGs. These SDGs are SDG 3 – Good Health and Well-Being, SDG 8 – Decent Work and Economic Growth, SDG 10 – Reduced Inequalities, SDG 12 – Responsible Consumption and Production, and SDG 16 – Peace, Justice, and Strong Institutions. In the mid-term, we aim to strengthen our commitment to these five key UNSDGs by laying the groundwork to further develop the Group’s sustainability aspirations.



## SUSTAINABILITY GOVERNANCE STRUCTURE [102-18, 102-32]

To facilitate the Group's pursuit of sustainable growth and development, we established a sustainability committee comprising representatives from all levels of the Group, including the Board of Directors who sit at the apex of the committee, as presented below.



The SSC and SWC make up the remaining governance structure with roles and responsibilities to ensure our sustainability practices and initiatives are maintained and followed by our stakeholders. Several of the key roles and responsibilities of our Board of Directors, SSC and SWC are listed below.

Board of Directors	SSC	SWC
<ul style="list-style-type: none"> <li>Oversees overall sustainability efforts implemented by the SSC and SWC</li> <li>Provides final approval for sustainability related matters</li> <li>Provides approval of the Group's annual sustainability statement</li> </ul>	<ul style="list-style-type: none"> <li>Reports overall sustainability progress to the Board of Directors</li> <li>Seeks approval from the Board of Directors for sustainability initiatives recommended by the SWC</li> <li>Monitors sustainability efforts and progress implemented by the SWC</li> </ul>	<ul style="list-style-type: none"> <li>Identifies material sustainability matters relevant to the Group</li> <li>Implements sustainability initiatives</li> <li>Reports to the SSC on the overall progress of sustainability initiatives and highlights any challenges or limitations</li> </ul>

102-18: Governance structure

102-32: Highest governance body's role in sustainability reporting

## STAKEHOLDER ENGAGEMENT TABLE [102-40, 102-43, 102-44]

Stakeholders are people who can affect or are affected by our business operation. Regular and ongoing stakeholder engagement is essential to understand their expectations and issues of interest to the Group. We emphasise the importance of stakeholder engagement by employing methods that aim to maintain continuous and open communication channels between the Group and our stakeholders. The table below presents our stakeholder engagement sessions for FY2019.

STAKEHOLDERS	AREAS OF INTEREST	METHODS OF ENGAGEMENT	FREQUENCY
INVESTORS	<ul style="list-style-type: none"> <li>Group financial performance</li> <li>High financial returns</li> <li>Good corporate governance</li> </ul>	Annual general meeting	Annually
		Annual report	Annually
		Company website	As and when required
		Press release	As and when required
CUSTOMERS	<ul style="list-style-type: none"> <li>Efficient complaints resolution</li> <li>Customer-company relationship management</li> <li>Competitive pricing</li> <li>Quality of products and service</li> </ul>	Regular client meetings	As and when required
		Feedback sessions	As and when required
		Satisfaction surveys	Annually
		Community and networking events	As and when required
EMPLOYEES	<ul style="list-style-type: none"> <li>Performance management</li> <li>Training and development</li> <li>Work-life balance</li> <li>Benefits and remuneration</li> <li>Occupational health and safety</li> </ul>	Circulation of internal policies	As and when required
		Management meetings	As and when required
		Employee appraisal	Annually
SUPPLIERS AND VENDORS	<ul style="list-style-type: none"> <li>Transparent procurement practices</li> <li>Payment schedule</li> <li>Pricing of services</li> </ul>	Evaluation and performance reviews	Annually
		Contract negotiation	As and when required
		Vendor registration	As and when required
REGULATORY AGENCIES AND STATUTORY BODIES	<ul style="list-style-type: none"> <li>Governance compliance</li> <li>Labour practices</li> <li>Occupational health and safety</li> <li>Environmental management and compliance</li> </ul>	Inspections/audits by local authority	As and when required
		Regular meetings with regulators	As and when required
LOCAL COMMUNITIES	<ul style="list-style-type: none"> <li>Social issues</li> <li>Impact of business operations</li> <li>Environmental impacts</li> </ul>	Community engagement	As and when required
		Corporate Social Responsibility (CSR) programmes	Annually As and when required

102-40: List of stakeholder groups

102-43: Approach to stakeholder engagement

102-44: key topics and concerns raised



## MATERIALITY MATRIX [102-47]
















In FY2019, the Group conducted a materiality assessment to identify, assess and rank our material sustainability matters based on the importance to our business operations and to our stakeholders. A total of 15 material sustainability matters representing our EES risks and opportunities were identified and presented in a materiality matrix, where 8 out of the 15 material matters were ranked within the High to Critical range for our business operations and stakeholders.



102-47: List of material topics

# Sustainability Statement *cont'd*

To further emphasise on our commitment to sustainability, we mapped our material sustainability matters to reflect its relevance to our stakeholders and the corresponding GRI Indicators as well as the five UN SDGs as presented in the table below.

Material Sustainability Matter	Relevant Stakeholder(s)	Corresponding GRI Indicator(s)	UNSDGs
 <b>Corporate Governance</b>	Investors, Suppliers and Vendors, Regulatory Agencies	GRI General Standard Disclosures	16
 <b>Customer Satisfaction</b>	Customers	GRI General Standard Disclosures	8
 <b>Financial Performance</b>	Investors, Financiers, Suppliers and Vendors	Economic Performance	8
 <b>Quality Control and Assurance</b>	Customers, Suppliers and Vendors, Regulatory Agencies	Socioeconomic Compliance	8
 <b>Procurement and Supply Chain Management</b>	Suppliers and Vendors, Regulatory Agencies	Procurement Practices	8
 <b>Ethics and Integrity</b>	Investors, Suppliers and Vendors, Regulatory Agencies	GRI General Standard Disclosures	16
 <b>Training and Development</b>	Employees	Training and Education	3, 8
 <b>Occupational Health and Safety</b>	Employees, Suppliers and Vendors, Regulatory Agencies	Occupational Health and Safety	3
 <b>Labour Practices</b>	Employees, Suppliers and Vendors, Regulatory Agencies	Child Labour and Forced or Compulsory Labour	3, 10
 <b>Employee Well-being</b>	Employees	Diversity and Equal Opportunity	3, 10
 <b>Raw Materials</b>	Suppliers and Vendors	Materials	12
 <b>Waste Management</b>	Suppliers and Vendors, Regulatory Agencies	Effluents and Waste	12
 <b>Energy Conservation</b>	Suppliers and Vendors	Energy	12
 <b>Community Engagement</b>	Local Communities	Local Communities	3
 <b>Recycling</b>	Suppliers and Vendors, Regulatory Agencies	Effluents and Waste	12

## SUSTAINABLE ECONOMY

As the national economy continues to expand, maintaining a sustainable and healthy growth of the Group is integral to meeting the demands of our consumers without compromising the integrity of our surrounding environment.

### Corporate Governance [102-18]

Sustainable business practices require sound corporate governance. The Group subscribes to the principles and best practices outlined by the Malaysian Code on Corporate Governance 2017 (the Code), details of which are presented on Page 17 of this Annual Report.

In meeting the legalities outlined by national laws, the Group complies to the following general regulatory requirements related to the trading and manufacturing industry listed in the table below. While these regulations represent the overall compliance of the Group, we also comply to subsidiary regulations and laws enforced by the nation to ensure that our business continues to meet Malaysia's legal requirements.

Maintaining Regulatory Compliance		
Economic	Environmental	Social
<ul style="list-style-type: none"> <li>• Employment Act 1955</li> <li>• Companies Act 2016</li> <li>• Minimum Wage Order 2016</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Quality Act 1974</li> <li>• Environmental Quality (Scheduled Wastes) Regulations 2005</li> <li>• Environmental Quality (Industrial Effluent) Regulations, 2009</li> <li>• Environmental Quality (Clean Air) Regulations 2014</li> </ul>	<ul style="list-style-type: none"> <li>• Fire Services Act 1988</li> <li>• Occupational Safety and Health Act 1994</li> <li>• Factories and Machinery Act 1967</li> </ul>

102-18: Governance structure

## Reporting Grievances [103-2]

As part of our efforts to maintain good corporate conduct and inculcate the Group's working culture amongst our employees, we established the Whistle-Blower Policy and Code of Business Conduct. The aforementioned policies are communicated via briefings to all existing employees and during orientation for all new employees. In addition, our Employee Service Manual clearly outlines the reporting methods for whistle-blowing and serves as a guide for employees to comply with internal policies subscribed by the Group.

To date, the Group has received zero grievance report via the Whistle-Blower reporting channel.

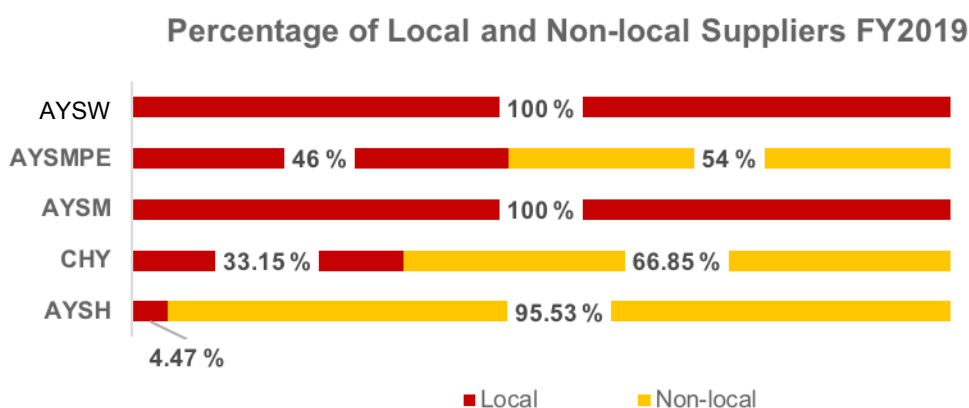
### Policies listed in the Employee Service Manual

- Whistle-Blower Policy
- Employee Personal Conduct
- Policy for Misconduct, Sexual Harassment and Other Threats
- Policy for Confidentiality and Safeguarding of Corporate Information
- Code of Business Conduct

## Procurement Practices [204-1]

Suppliers who are both local and non-local are the key component of our supply chain as they support our services in trading and manufacturing of steel and construction materials. While we may not have an official policy to enforce preferential selection of local suppliers, we are aware of our responsibility as a Group to enhance Malaysia's economic prosperity by contracting suppliers operating within the country.

As traders and manufacturers, the quality and cost of the products we procure remain as important aspects of our business, regardless of its national or international source, hence, the Group actively hires local suppliers for products that meet our selection criteria. While most of our products from AYSH, CHY and AYSMPE are mainly from international suppliers, mainly due to product availability that the local suppliers unable to supply and cost efficiency. Our AYSW and AYSM subsidiaries obtain majority of its products from local suppliers, therefore ensuring that local business continues to profit as the Group grows its business value chain. The percentage of local suppliers engaged by our five subsidiaries are illustrated in the graph below.



103-2: The management approach and its component

204-1: Proportion of spending on local suppliers

## Quality Management

AYS employs stringent standards and certifications across all our business processes to improve our products reliability, durability and performance of our products. We maintain strict compliance with the quality and operations system certifications listed below as part of an annual assurance to our stakeholders on our commitment towards meeting our customer requirements.

Subsidiaries	Standards and Certifications
AYSMPE	<b>MS 1390</b> Specification for glass-reinforced polyester panels and pane; water tanks
	<b>BS 1564: 1975</b> Specification for pressed steel sectional rectangular tanks
CHY	<b>AS 1397 G450</b> Continuous hot-dip metallic coated steel sheet and strip- coatings of zinc and zinc alloyed with aluminium and magnesium
AYSW	<b>MS 146:2014 Grade B500B</b> Requirement for ribbed weldable reinforcing steel for reinforcement of concrete structures
	<b>JIS G 3505</b> Low carbon steel wire rods
	<b>BS 4449:1997 Grade 250</b> Specification for carbon steel bars for the reinforcement of concrete
AYSH	<b>MS EN 10025</b> Specification for hot rolled products of structure steels (further divided into three parts)
	<b>MS 146:2014</b> Specification for hot rolled steel bars for reinforcement of concrete

As part of our ongoing initiatives to achieve top-level quality and customer satisfaction, we maintain our certification to the following standards for the Group and our five subsidiaries. These certifications are accredited by Standards Malaysia and the United Kingdom Accreditation Service (UKAS) and certified by Bureau Veritas Certification (Malaysia) Sdn Bhd.

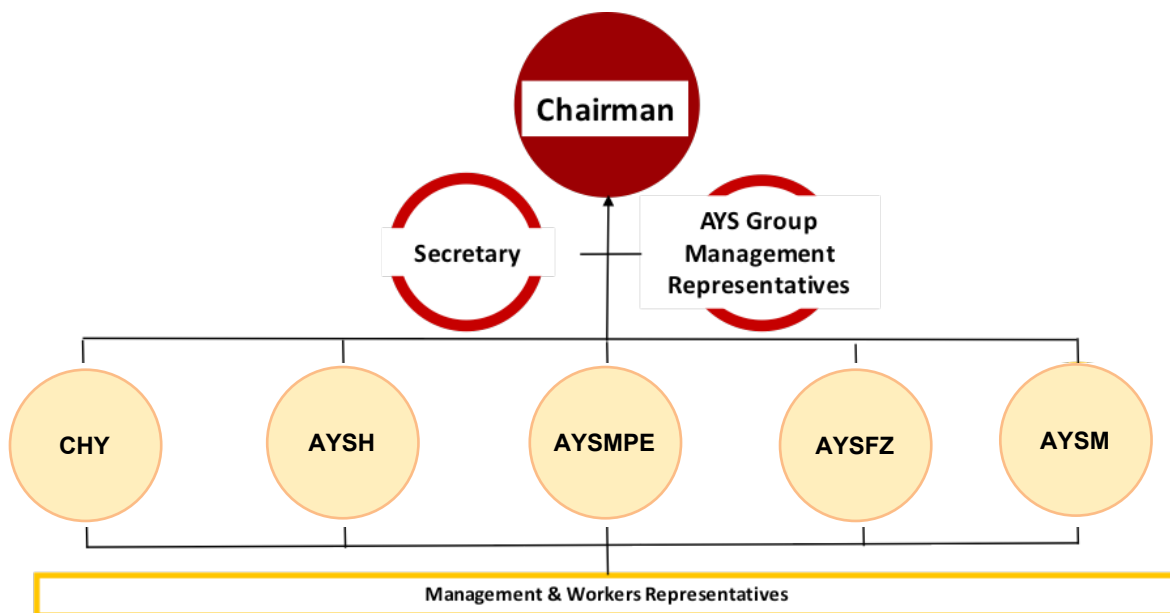
Standards and Certifications	Expiry date	Scope
ISO 14001:2015	11 March 2021	<ul style="list-style-type: none"> <li>• Stockist and distributor of structural steel product for construction and engineering application</li> <li>• Trading of building and construction materials</li> <li>• Warehousing Activities</li> <li>• Manufacture of Presses-Steel and Fiberglass Reinforced Polyester (FRP) sectional water storage tanks</li> <li>• Manufacture of hard drawn wire and mild steel round bars</li> <li>• Trading of steel bars</li> <li>• Manufacture of metallic coated cold form steel section</li> </ul>
ISO 9001:2015		
OHSAS 18001:2007		

## SUSTAINABLE WORKPLACE

At AYS, we strive to comply with relevant laws and legislations to ensure that health and safety in the workplace is not being compromised and the general well-being of our employees is protected. With the aim of reducing the frequency and severity of incidents, we inculcate safety awareness by providing safety training and regular safety reviews.

### Occupational Health and Safety [403-1]

Safety measures and practices within the Group is supervised by our Safety and Health Committee ("SHC"), as shown below. We assign roles and responsibilities for the SHC committee members with the aim to ensure our business operations are in compliance with health and safety standards outlined by national regulations. The SHC is represented by both the management as well as the workers are varying ratios across each of our subsidiaries.



The table below presents the roles and responsibilities of our SHC committee.

### Roles and Responsibilities

- To establish programmes to ensure compliance to the safety requirements stipulated in OSHA 1994
- To conduct safety inspection and formulate appropriate safety audit checklists
- To assist in the development of safety & health rules and implement safe working system
- To review the effectiveness of safety and health programmes
- To carry out trend analysis on near-misses, accidents or incidents that occur within the Group
- To report any unsafe or unhealthy working conditions or practices within the Group and provide recommendations for corrective actions
- To review safety & health policies adopted by the Group and recommend any required revision based on national regulations
- To assist in the investigation of any accidents and provide recommendations to prevent reoccurrence
- To investigate any complaints regarding safety & health matters reported within the Group

403-1: Occupational health and safety management system

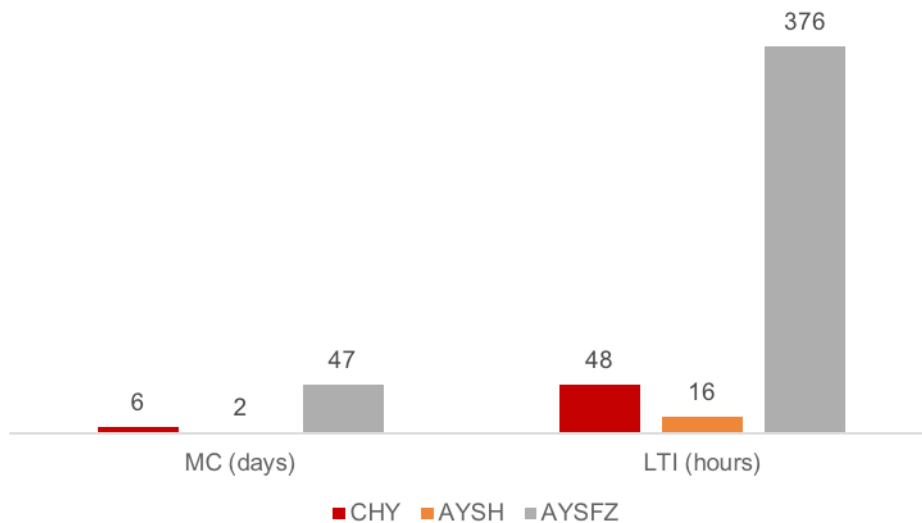


## Incident Records [403-2]

We are committed to creating a safe, healthy and secure work environment, by providing platforms for the management and staff to improve the workplace and work practices. At AYS, we comply with applicable legal and other requirements and appointed a Safety, Health and Environmental (“SHE”) Officer to manage health and safety issues at the workplace to reduce risks at source and prevent unwanted incidents. The workforce at our manufacturing facilities are provided with the appropriate personal protective equipment and receive adequate training for their tasks.

The graph below illustrates our incident performances for FY2019. Logging in a total of 703,464 man hours across all our operating sites for this financial year, we recorded two minor injuries, one major injury and a total of 440 hours of loss time injury (“LTI”).

**Incident Records for FY2019**



## Health and Safety Briefing

As part of our continuous efforts in inculcating safety awareness amongst our employees, weekly safety-specific briefing sessions are conducted by our SHE Officer at all our operating sites. Each 15-minute briefing session includes reminders to our employees on their roles and responsibilities towards safety at the workplace and on ensuring safety compliance in their daily activities.

SHE Training Records	
<b>Number of Briefing Sessions</b>  <b>200</b> <b>SESSIONS</b>	<b>Total Briefing Hours</b>  <b>50</b> <b>HOURS</b>

The SHE Office also addresses any acts of non-compliance detected during the previous week for immediate action to be taken by the respective person in charge. We are pleased to note the effectiveness of this safety briefing exercise through the positive feedback received from our employees, who are better aware of the Group’s safety procedure and are willing to be more cooperative in adhering to safety rules and regulations.

*403-2: Hazard identification, risk assessment, and incident investigation*

## Employee Distribution [202-1, 202-2]

At AYS, we believe that diversity and inclusiveness instils a strong sense of responsibility in our employees and encourage them to give their best performance, which is essential in enhancing our overall manufacturing output.

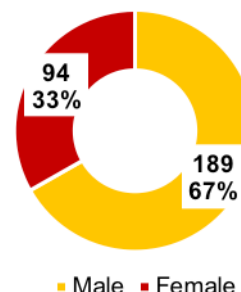
Our workforce at the factories consists of mostly male employees (67%) compared to female employees (33%) which is attributed to the nature of work which involves heavy manual tasks. Nevertheless, we do not restrict our female employees from undertaking any professional positions and tasks, provided that they are fully qualified for the job.

## Promoting Diversity and Inclusiveness [401-2]

We stand strongly against any form of gender, racial or age discrimination and recruit employees who are best qualified for the job based on their qualifications, skills and experiences in the industry. In FY2019, our average monthly turnover rate is at 2.31% after averaging the turnover rate for all 12 months from April 2018 to March 2019. On the other hand, our employee benefits are given to our full-time employees aimed at supporting the workforce through fair leave allocation and insurance coverage, among others.

A full list of employee benefits is given below.

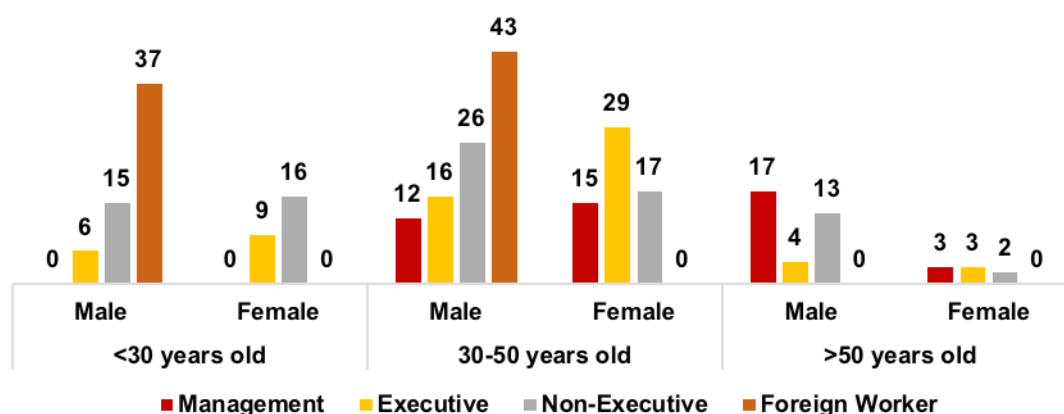
## Overall Gender Distribution



List of Employee Benefits			
Leave Entitlement	Incentives	Insurance	Others
<ul style="list-style-type: none"> <li>Annual</li> <li>Medical</li> <li>Hospitalisation</li> <li>Marriage</li> <li>Maternity &amp; Paternity</li> <li>Bereavement, calamity</li> <li>Examination and study</li> <li>Prolonged Illness</li> </ul>	<ul style="list-style-type: none"> <li>Monthly Full Attendance</li> <li>Shift and meal allowance</li> <li>Annual Bonus</li> </ul>	<ul style="list-style-type: none"> <li>Medical</li> <li>Group Personal Accident (GPA)</li> <li>Hospital &amp; Surgical (H&amp;S)</li> </ul>	<ul style="list-style-type: none"> <li>Company Mobile Phone</li> <li>Travel Allowance</li> <li>Company Vehicles for Directors</li> <li>Membership Subscriptions to Professional Associations</li> <li>Monthly Sports &amp; Recreational Activities</li> </ul>

The Group's total employee distribution by gender, age and employment category for FY2019 is presented in the graph below. The employee's age distribution within the Group mainly ranges in the 30 to 50 years old age group (56%). This group is made up of experienced and skilled employees and we are committed to further building their knowledge and skills in the future.

## Overall Employee Distribution at AYS Ventures for FY2019



202-1: Ratios of standard entry level wage by gender compared to local minimum wage

202-2: Proportion of senior management hired from the local community

401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees

## Employee Talent Development [404-1, 404-2]

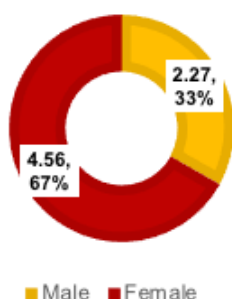
AYS firmly believes that by creating long-term value and knowledge sharing amongst our employees is a significant driver of business excellence. As such, we place great importance on developing our workforce through training programmes aimed at improving product knowledge, providing updates on current industry trends and enhancing competency, in preparation for the current and future industry climate.

In FY2019, the Group provided a total of 428.25 hours of training. The training programmes provided to our employees are primarily focused on competency, skills development, safety, orientation and seminars relevant to the industry; several examples of the training programmes are listed in the table below.

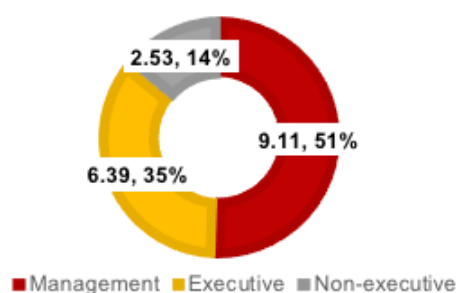
List of Training Programmes			
Competency	Safety	Skills Development	Orientation
<ul style="list-style-type: none"> <li>HR Solution: Pregnancy &amp; Maternity Leave</li> <li>Introduction to Steelmaking</li> <li>IRCA ISO 9001:2015 Lead Auditor Training</li> <li>SST 2.0 Planning Workshop</li> </ul>	<ul style="list-style-type: none"> <li>Fire Safety &amp; Emergency Talk</li> <li>Safety Operation Training for Crane</li> <li>Workshop on Implementation of Workplace Health Promotion</li> </ul>	<ul style="list-style-type: none"> <li>Autodesk Advanced Steel Customise Course</li> <li>IMS Safety Audit Requirement</li> <li>Sustainability Reporting Workshop</li> <li>Business Writing Workshop</li> </ul>	<ul style="list-style-type: none"> <li>7 employee orientation sessions were held for FY2019</li> </ul>

Our female employees (67%) participated in more hours of training programmes compared to male employees (33%) in FY2019. In terms of employment category, our management team underwent the most training hours (51%) compared to our executives (35%) and non-executives (14%). Year on year, the Group actively encourages the participation of our employees in training programmes that would further improve their skills and career value.

AVERAGE TRAINING HOURS BY GENDER



AVERAGE TRAINING HOURS BY EMPLOYMENT CATEGORY

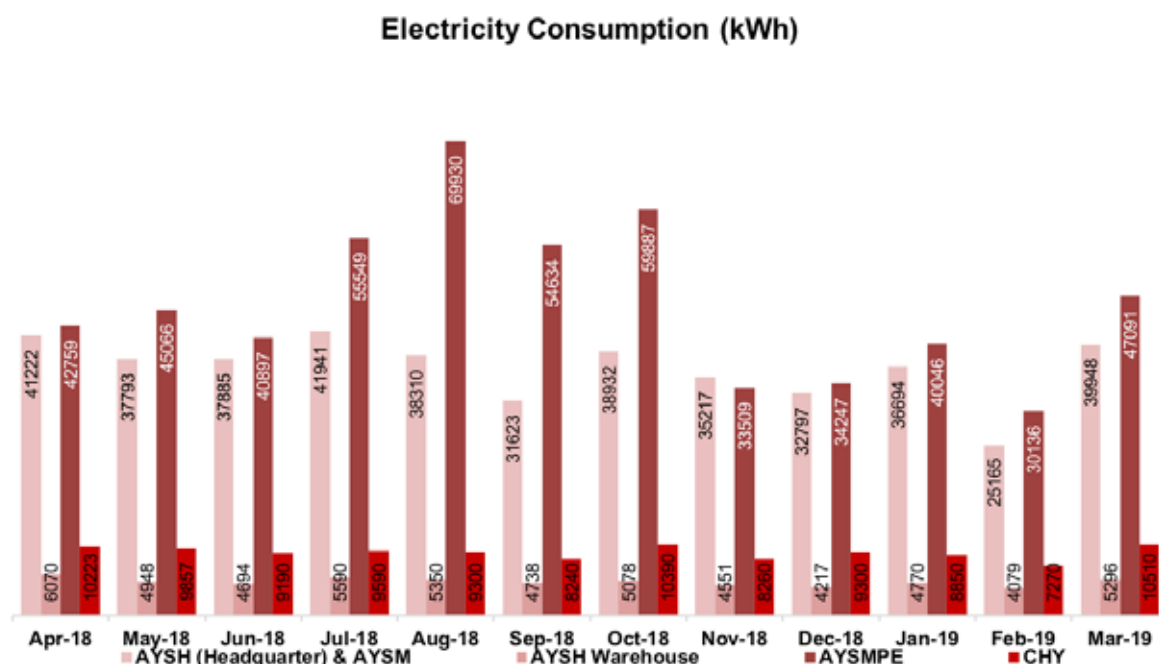


## SUSTAINABLE ENVIRONMENT

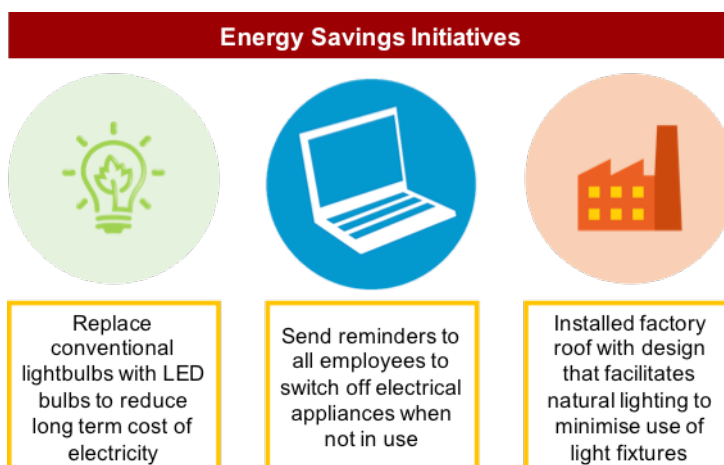
We further embed sustainability practices to consider the impacts of our business operations on the surrounding environment. The manufacturing industry often undergoes heavy scrutiny due to its energy demanding processes, water consumption, raw materials utilisation and hazardous waste production. In this reporting year, building from our previous year of reporting, we present key baseline data to measure our environmental performances in terms of energy and water consumption.

### Energy Performance [302-1, 302-4]

This year, we include the monthly electricity consumption data at our headquarters and subsidiaries as a baseline for future energy consumption comparison. Through comprehensive recordkeeping, we will be able to observe consumption trends in the long term and begin formulating strategies that would better manage our consumption level. The graph below presents our monthly electricity consumption data.



Over the past years, we implemented several energy-conservation initiatives with the aim of reducing the overall usage of electricity across our business operations. The following illustration presents the energy saving measures applied across the Group.

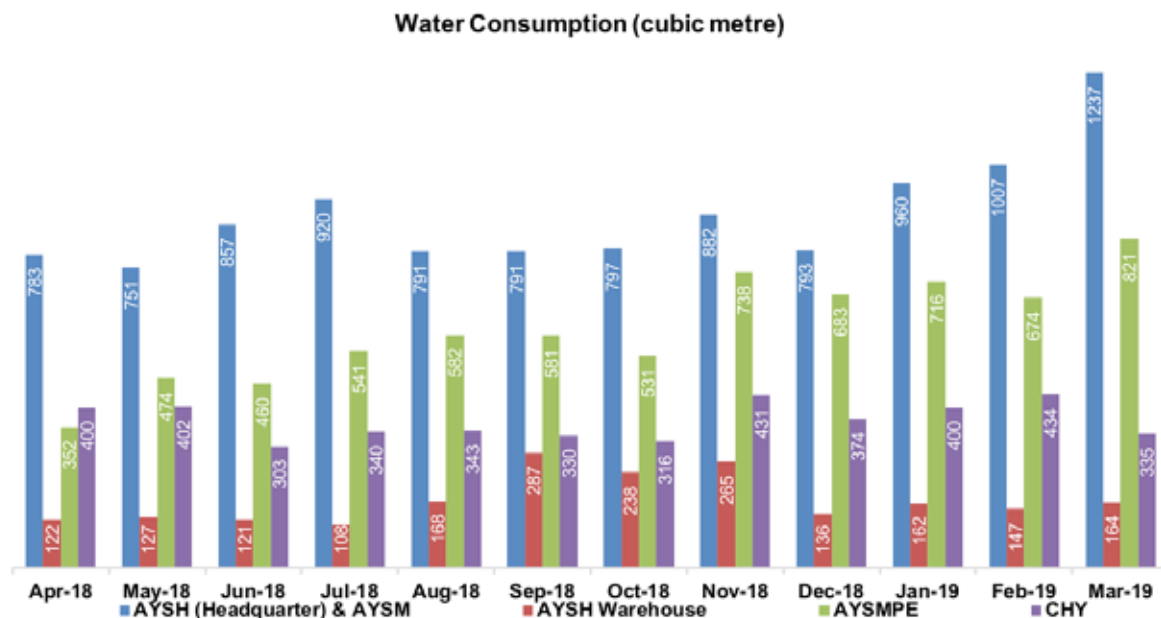


302-1: Energy consumption within the organisation

302-4: Reduction of energy consumption

## Water Usage [303-1]

We further improve our sustainability disclosure by including our monthly water consumption trend for this financial year. Our source of piped water supply is from Syarikat Bekalan Air Selangor (SYABAS). The graph below presents our water consumption trend across our business operations.



In the long term, we aim to maintain or reduce our water consumption by continuously observing the trend of our water use and implement water-saving initiatives.

## Waste Management [306-2]

Throughout our manufacturing processes, we produce scheduled or hazardous labelled as SW 409 (disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled waste) and SW 410 (rags, plastics, papers or filters contaminated with scheduled wastes) in line with the requirements of the Environmental Quality (Scheduled Waste) Regulations, 2009. We keep track of the amount of hazardous waste generated, we provide proper storage prior to disposal and we dispose the hazardous waste in every six months via our appointed contractor who are registered with the Department of Environment (DOE). We generated 108 kg and 441 kg of scheduled waste from the category of SW 409 and SW 410, respectively.

## SUSTAINABLE SOCIETY

Giving back to society is at the core of our business values. As the Group continues to grow and prosper, we extend our contribution by giving back to the local community in the areas we operate, by way of infrastructure improvements and various donations that are targeted towards improving the quality of life for the local communities.

### Local Community Programmes [413-1]

This year, we focus our CSR efforts on recycling programmes to reinforce the importance of recycling practices to the environment. To date, 140 of our employees have been actively involved in weekly recycling programmes hosted by local non-governmental organisation (NGO), which includes recycling of used paper, plastics, clothing items and cardboard boxes. A recycling campaign conducted on 9 March 2019 with the local community and Tzu Chi Foundation, with the total participation from 27 employees in this program.

In continuing our endorsement towards elevating local communities socioeconomic level, the Group has collectively donated a total of RM141,300 to various associations who organise educational programmes and provide household supplies and food.

## OUR FUTURE IN SUSTAINABILITY

Year on year, we aim to improve our sustainability performance through robust management practices and initiatives that enhances our EES opportunities and minimises its associated risks. We have begun to disclose detailed data for our environmental performance as part of our efforts to improve our reporting. As we progress, the Group is eager to mark our stance on sustainability practices in hope the of becoming a front runner in sustainable development within the manufacturing industry.

303-1: Interactions with water as a shared resource

306-2: Waste by type and disposal method

413-1: Operations with local community engagement, impact assessments, and development programs



## Additional Compliance Information

### UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no proceeds raised from corporate proposal.

### AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to Messrs Grant Thornton Malaysia for the services rendered for financial year ended 31 March 2019 is as follows:-

	AUDIT FEES	NON-AUDIT FEES
Company Level	RM17,000	RM5,000
Group Level	RM133,000	RM5,000

### MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests for the financial year under review.

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# Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

## FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit for the financial year	15,746	8,733
Attributable to:-		
Owners of the Company	15,743	8,733
Non-controlling interests	3	-
	15,746	8,733

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the last financial year, the Company declared and paid:-

	RM'000
Final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2018, paid on 24 August 2018	3,804

The Directors recommended the payment of a final single-tier dividend of 1.0 sen per ordinary share amounting to RM3,804,177 in respect of the financial year ended 31 March 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## HOLDING COMPANY

The holding company is Chiew Ho Holding Sdn. Bhd., a company incorporated and domiciled in Malaysia.

## DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period of commencing from the end of the financial year to the date of this report are as follows:-

Haji Mohd. Sharif Bin Haji Yusof  
Oh Chiew Ho\*  
Oh Yung Sim\*  
Oh Pooi Foon\*  
Toh Tuan Sun  
Tay Kim Chuan\*  
Seow Nyoke Yoong  
Mohamad Fazlin Bin Mohamad  
Dato' Wan Hashim Bin Wan Jusoh

\* Directors of the Company and certain subsidiaries

## DIRECTORS *cont'd*

The Directors of subsidiaries who held office during the financial year and up to the date of this report are as follows:-

Wong Kian Hwa  
Oh Yung Wooi  
Tay Chooi Guan (*resigned on 28 February 2019*)

## DIRECTORS' REMUNERATION

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

	INCURRED BY THE COMPANY RM'000	INCURRED BY THE SUBSIDIARIES RM'000	GROUP RM'000
Directors fees	484	-	484
Directors salaries and other emoluments	37	4,984	5,021
Defined contribution plan	-	947	947
Social security contributions	-	4	4
Other benefits	-	113	113
	521	6,048	6,569

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at financial year end are as follows:-

	NUMBER OF ORDINARY SHARES		
	AT 1 APRIL 2018	BOUGHT SOLD	AT 31 MARCH 2019
<b>Direct interest</b>			
Toh Tuan Sun	485,000	-	485,000
<b>Indirect interest</b>			
Oh Chiew Ho #	264,707,360	-	264,707,360
<b>Interest in the holding company (Chiew Ho Holding Sdn. Bhd.)</b>			
<b>Direct interest</b>			
Oh Chiew Ho	51	-	51
Oh Yung Sim	10	-	10
Oh Pooi Foon	10	-	10

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

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

The other Directors did not hold any shares in the Company and its related corporations.

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year.

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

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The insurance effected for indemnity given to the Directors and officers of the Group and the Company amounted to RM19,652.

### OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

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

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

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

In the opinion of the Directors:-

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

### EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 36 to the Financial Statements.

### AUDITORS

The total amount of fees paid to or receivable by the Auditors, Messrs Grant Thornton Malaysia, as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 31 March 2019 are amounted to RM17,000 and RM138,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

The Auditors, Messrs Grant Thornton Malaysia have expressed their willingness to continue in office.

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

.....  
OH CHIEW HO  
DIRECTOR

.....  
OH YUNG SIM  
DIRECTOR

Klang  
30 May 2019



## Statement by Directors and Statutory Declaration

In the opinion of the Directors, the financial statements set out on pages 51 to 94 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

.....  
OH CHIEW HO

.....  
OH YUNG SIM

Klang  
30 May 2019

## Statutory Declaration

I, Tay Yew Thiam, being the officer primarily responsible for the financial management of AYS Ventures Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 51 to 94 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory this day of )  
30 May 2019 ) .....  
TAY YEW THIAM  
(MIA NO: 11391)  
CHARTERED ACCOUNTANT

Before me:

Valliamah A/P Perian  
No. W.594

Commissioner for Oaths

# Independent Auditors' Report

To The Members of AYS Ventures Berhad

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of AYS Ventures Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 94.

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 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional 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.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>Valuation of inventories (Note 8 to the Financial Statements)</p> <p>The inventories balance amounting to RM328,791,000 as disclosed in Note 8 to the Financial Statements is significant to the Group. Inventories are measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of inventories based on an assessment of expected sales prices. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.</p>	<p>Our audit procedures in relation to the valuation of inventories included:</p> <ul style="list-style-type: none"><li>• Testing the valuation of the inventories on a sample basis to ascertain that inventories are stated at the lower of cost and NRV.</li><li>• Understanding and reviewing the management's assessment of NRV of the inventories and tested a sample of inventories to sales subsequent to the financial year end.</li><li>• Examining the condition of selected inventories by attending physical inventories count at the reporting date.</li><li>• Considering the adequacy of the Group's disclosure in respect of the inventory's valuation.</li></ul>
<p>Adoption of MFRS 15 and MFRS 9</p> <p>Both MFRS 15 Revenue from Contracts with Customers and MFRS 9, Financial Instruments were effective on 1 April 2018.</p> <p>MFRS 15 replaces MFRS 118 Revenue and MFRS 111 Construction Contracts, which may have significant impact on revenue recognition.</p> <p>MFRS 9 Financial Instruments replaced MFRS 139 Financial Instruments – Recognition and Measurement, which may have impact on how financial assets were classified and measured.</p> <p>In addition, there were new disclosures required.</p>	<p>Our audit procedures in relation to the adoption of MFRS 15 and MFRS 9 included:</p> <ul style="list-style-type: none"><li>• Evaluated the appropriateness of the Group's revised accounting policies upon adopting MFRS 15 and MFRS 9</li><li>• Evaluated the accounting impacts disclosure in relation to the adoption of MFRS 15 and MFRS 9</li><li>• Assessed the completeness, accuracy and relevance of the disclosure in the financial statements required by MFRS 15 and MFRS 7, Financial Instruments Disclosure.</li></ul>

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

# Independent Auditors' Report *cont'd*

To The Members of AYS Ventures Berhad

## Report on the Audit of the Financial Statements *cont'd*

### *Information Other than the Financial Statements and Auditors' Report Thereon*

The Directors of the Company are responsible for the other information. The other information comprise 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.

### *Responsibilities of the Directors for the Financial Statements*

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

# Independent Auditors' Report *cont'd*

To The Members of AYS Ventures Berhad

## Report on the Audit of the Financial Statements *cont'd*

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

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 (cont'd):

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

### *Other Matter*

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

GRANT THORNTON MALAYSIA  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

ANTONY LEONG WEE LOK  
(NO: 03381/06/2020 J)  
CHARTERED ACCOUNTANT

Kuala Lumpur  
30 May 2019

# Statements of Financial Position

As At 31 March 2019

		GROUP		COMPANY	
	NOTE	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	106,410	108,682	-	-
Investment properties	5	26,295	24,487	-	-
Investment in subsidiaries	6	-	-	160,100	160,100
Investment in an associate	7	-	-	-	-
Total non-current assets		132,705	133,169	160,100	160,100
<b>Current assets</b>					
Inventories	8	328,791	217,740	-	-
Trade receivables	9	164,634	153,466	-	-
Other receivables	10	7,801	5,817	86	20
Amount due from subsidiaries	11	-	-	39,529	34,740
Derivative financial instruments	12	58	-	-	-
Tax recoverable		3,364	2,664	-	-
Fixed deposits with licensed banks	13	8,670	14,446	-	-
Cash and bank balances		9,352	15,321	46	37
Total current assets		522,670	409,454	39,661	34,797
<b>Total assets</b>		<b>655,375</b>	<b>542,623</b>	<b>199,761</b>	<b>194,897</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Equity attributable to owners of the Company					
Share capital	14	190,209	190,209	190,209	190,209
Capital reserve	15	3,595	3,595	-	-
Merger deficit	16	(153,190)	(153,190)	-	-
Revaluation reserves	17	20,196	20,196	-	-
Retained earnings	18	212,737	200,798	9,316	4,387
		273,547	261,608	199,525	194,596
Non-controlling interests		395	792	-	-
Total equity		273,942	262,400	199,525	194,596
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	19	5,821	5,764	-	-
Finance lease liabilities	20	714	574	-	-
Bank borrowings	21	102	639	-	-
Total non-current liabilities		6,637	6,977	-	-
<b>Current liabilities</b>					
Trade payables	22	54,295	38,650	-	-
Other payables	23	8,502	14,231	236	301
Finance lease liabilities	20	501	585	-	-
Bank borrowings	21	311,498	217,839	-	-
Derivative financial instruments	12	-	97	-	-
Tax payable		-	1,844	-	-
Total current liabilities		374,796	273,246	236	301
<b>Total liabilities</b>		<b>381,433</b>	<b>280,223</b>	<b>236</b>	<b>301</b>
<b>Total equity and liabilities</b>		<b>655,375</b>	<b>542,623</b>	<b>199,761</b>	<b>194,897</b>

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

# Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 31 March 2019

	NOTE	GROUP		COMPANY	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	24	599,347	562,508	9,500	10,000
Cost of sales		(528,447)	(483,106)	-	-
Gross profit		70,900	79,402	9,500	10,000
Other income		3,149	3,561	-	-
Selling and distribution expenses		(9,219)	(8,553)	-	-
Administration expenses		(25,843)	(25,237)	(767)	(679)
Other expenses		(6,487)	(8,002)	-	(450)
Finance income	25	1,099	803	-	-
Finance costs	25	(12,472)	(9,103)	-	-
Share of loss of associate		-	(217)	-	-
Profit before tax	26	21,127	32,654	8,733	8,871
Tax expense	27	(5,381)	(9,124)	-	-
Net profit for the financial year		15,746	23,530	8,733	8,871
<i>Other comprehensive income:</i>					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Revaluation of land and buildings		-	11,299	-	-
Deferred taxation relating to revaluation of land and buildings		-	(821)	-	-
Total comprehensive income for the financial year		15,746	34,008	8,733	8,871
Net profit for the financial year attributable to:-					
Owners of the Company		15,743	23,503	8,733	8,871
Non-controlling interests		3	27	-	-
		15,746	23,530	8,733	8,871
Total comprehensive income attributable to:-					
Owners of the Company		15,743	33,981		
Non-controlling interests		3	27		
		15,746	34,008		
<b>Earnings per share</b>					
Basic earnings per ordinary share attributable to owners of the Company (RM)	28	0.04	0.06		

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



# Statements of Changes in Equity

For The Financial Year Ended 31 March 2019

Group	ATTRIBUTABLE TO OWNERS OF COMPANY							Non-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	Non-DISTRIBUTABLE				DISTRIBUTABLE				
	SHARE CAPITAL RM'000	CAPITAL RESERVES RM'000	MERGER DEFICIT RM'000	REVALUATION RESERVES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000			
Balance at 1 April 2017	190,209	3,595	(153,190)	9,718	186,805	237,137	765	237,902	
Net profit for the financial year	-	-	-	-	23,503	23,503	27	23,530	
Revaluation of land and buildings	-	-	-	11,299	-	11,299	-	11,299	
Transferred to deferred tax liabilities	-	-	-	(821)	-	(821)	-	(821)	
Total comprehensive income for the financial year	-	-	-	10,478	23,503	33,981	27	34,008	
<b>Transaction with owners:</b>									
Dividend to owners of the Company (Note 32)	-	-	-	-	(9,510)	(9,510)	-	(9,510)	
Balance at 31 March 2018	190,209	3,595	(153,190)	20,196	200,798	261,608	792	262,400	
Total comprehensive income for the financial year	-	-	-	-	15,743	15,743	3	15,746	
<b>Transaction with owners:</b>									
Dividend to owners of the Company (Note 32)	-	-	-	-	(3,804)	(3,804)	-	(3,804)	
Dividends paid to non-controlling interest	-	-	-	-	-	-	(400)	(400)	
Balance at 31 March 2019	190,209	3,595	(153,190)	20,196	212,737	273,547	395	273,942	
<b>Company</b>									
Balance at 1 April 2017	190,209	-	-	-	5,026	195,235	-	195,235	
Total comprehensive income for the financial year	-	-	-	-	8,871	8,871	-	8,871	
<b>Transaction with owners:</b>									
Dividend to owners of the Company (Note 32)	-	-	-	-	(9,510)	(9,510)	-	(9,510)	
Balance at 31 March 2018	190,209	-	-	-	4,387	194,596	-	194,596	
Total comprehensive income for the financial year	-	-	-	-	8,733	8,733	-	8,733	
<b>Transaction with owners:</b>									
Dividend to owners of the Company (Note 32)	-	-	-	-	(3,804)	(3,804)	-	(3,804)	
Balance at 31 March 2019	190,209	-	-	-	9,316	199,525	-	199,525	

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

# Statements of Cash Flows

For The Financial Year Ended 31 March 2019

	NOTE	GROUP		COMPANY	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		21,127	32,654	8,733	8,871
<b>Adjustments for:-</b>					
Depreciation of property, plant and equipment		4,803	3,341	-	-
Gain on disposal of property, plant and equipment		(167)	(494)	-	-
Property, plant and equipment written off		13	9	-	-
Impairment loss on property, plant and equipment		-	1,882	-	-
Loss on disposal of investment properties		1	-	-	-
Gain on fair value adjustments on investment properties		(83)	(154)	-	-
Impairment loss on investment in an associate		-	-	-	450
Share of loss of associate		-	217	-	-
Impairment loss on inventories		19	247	-	-
Impairment loss on trade receivables		155	250	-	-
Bad debts written off		963	1,504	-	-
Bad debts recovered		(68)	-	-	-
Impairment loss on trade receivables no longer required		(1,474)	(2,049)	-	-
Interest expense		12,472	9,103	-	-
Interest income		(1,099)	(803)	-	-
Unrealised (gain)/loss on foreign exchange		(113)	108	-	-
Dividends income		-	-	(9,500)	(10,000)
Operating profit/(loss) before working capital changes		36,549	45,815	(767)	(679)
Changes in working capital:-					
Inventories		(111,070)	(62,876)	-	-
Receivables		(12,817)	(27,182)	(65)	-
Payables		9,784	15,599	(65)	130
Cash used in operations		(77,554)	(28,644)	(897)	(549)
Tax paid		(8,506)	(10,528)	-	-
Tax refund		638	3	-	-
Interest paid		(12,472)	(9,103)	-	-
Interest received		1,099	803	-	-
Dividends received		-	-	9,500	10,000
Net cash (used in)/from operating activities		(96,795)	(47,469)	8,603	9,451
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	A	(2,400)	(24,964)	-	-
Purchase of investment properties		(1,815)	(7,207)	-	-
Proceeds from disposal of property, plant and equipment		419	496	-	-
Proceeds from disposal of investment properties		89	-	-	-
Withdrawal of fixed deposits with licensed banks		1,137	18,945	-	-
Placement of fixed deposits		-	(1,137)	-	-
Net cash used in investing activities		(2,570)	(13,867)	-	-

# Statements of Cash Flows *cont'd*

For The Financial Year Ended 31 March 2019

NOTE	GROUP		COMPANY		
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
(Advances to)/Repayment from subsidiaries	-	-	(4,789)	69	
Dividends paid	(3,804)	(9,510)	(3,805)	(9,510)	
Dividends paid to non-controlling interest	(400)	-	-	-	
Drawndown from bankers' acceptance	888,300	657,474	-	-	
Repayment of bankers' acceptance	(794,603)	(582,505)	-	-	
Repayment of finance lease liabilities	(342)	(723)	-	-	
Repayment of term loans	(575)	(539)	-	-	
Net cash from/(used in) financing activities	88,576	64,197	(8,594)	(9,441)	
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes	(10,789)	2,861	9	10	
At beginning of financial year	28,630	25,739	-	-	
Effect on foreign exchange differences	181	30	37	-	
At end of financial year	B	18,022	28,630	46	37

## NOTES TO THE STATEMENTS OF CASH FLOWS

### A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

#### Group

During the financial year, the Group acquired property, plant and equipment with aggregate costs of RM2,798,604 (2018: RM25,193,719) of which RM398,327 (2018: RM230,155) were acquired by means of finance lease arrangements. Cash payments of RM2,400,277 (2018: RM24,963,564) were made to purchase the property, plant and equipment.

### B. CASH AND CASH EQUIVALENTS:-

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

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	9,352	15,321	46	37
Fixed deposits with licensed banks	8,670	14,446	-	-
	18,022	29,767	46	37
Less: Fixed deposits with maturity term more than 3 months/pledged	-	(1,137)	-	-
	18,022	28,630	46	37

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

# Notes to the Financial Statements

31 March 2019

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan and the principal place of business of the Company is located at Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The holding company is Chiew Ho Holding Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 30 May 2019.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for properties that are measured at fair values at the end of each reporting year as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

### 2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest thousand (RM'000) except when otherwise stated.

## 2. BASIS OF PREPARATION *cont'd*

### 2.4 Malaysian Financial Reporting Standard ("MFRS")

#### 2.4.1 Adoption of New Standards/ Amendments/ Improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the current financial year beginning on or after 1 April 2018.

Initial application of the new standards/ amendments/ improvements to the standards did not have material impact to the financial statements, except for:-

#### MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9 prospectively, with an initial application date of 1 April 2018. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

#### (a) Classification and measurement of financial assets

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost ("AC"), or fair value through other comprehensive income ("FVTOCI"). The classification is based on two criterias: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's and the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under MFRS 139. The following are the changes in the classification of the Group's and the Company's financial assets:-

- Trade receivables classified as loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal. These are classified and measured as debt instruments at amortised cost beginning 1 April 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 April 2018.

Group	RM'000	MFRS 9 MEASUREMENT CATEGORY AC RM'000
<b>MFRS 139 measurement category</b>		
<b>Loans and receivables</b>		
Trade receivables	153,466	153,446
Other receivables	2,501	2,501
Fixed deposits with licensed banks	14,446	14,446
Cash and bank balances	15,321	15,321
<b>Company</b>		
<b>MFRS 139 measurement category</b>		
<b>Loans and receivables</b>		
Other receivables	4	4
Amount due from subsidiaries	34,740	34,740
Cash and bank balances	37	37

## 2. BASIS OF PREPARATION *cont'd*

### 2.4 Malaysian Financial Reporting Standard ("MFRS") *cont'd*

#### 2.4.1 Adoption of New Standards/ Amendments/ Improvements to MFRSs *cont'd*

Initial application of the new standards/ amendments/ improvements to the standards did not have material impact to the financial statements, except for:- *cont'd*

##### MFRS 9 Financial Instruments *cont'd*

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. The Group and the Company expect no significant impact on their statement of financial position.

The Group and the Company have only one type of financial assets that are subject to MFRS 9's new expected credit loss model:-

##### Trade receivables and other receivables

The Group and the Company were required to revise its impairment methodology under MFRS 9 for each of these classes of assets. The impact of the change in impairment methodology was immaterial.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

The Group and the Company apply the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation.

On that basis, the loss allowance was determined to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days.

##### MFRS 15 Revenue From Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 April 2018.

In conclusion, the adoption of MFRS 15 has no significant impact on the substance of the principles applied by the Group and the Company to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group and the Company remain generally unaltered. No adjustment to the opening balance of unappropriated profits has been made as there are no changes in timing of the revenue recognition.



## 2. BASIS OF PREPARATION *cont'd*

### 2.5 Standard Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to date of issuance of the Group's financial statements are disclosed below.

The Group intends to adopt these new and amended standards and interpretations if applicable, when they become effective.

#### MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

#### Transition to MFRS 16

The Group plans to adopt MFRS 16 retrospectively to each prior reporting period presented. The Group will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

During 2019, the Group has performed a detailed impact assessment of MFRS 16. In summary the impact of MFRS 16 adoption is expected to be, as follows:-

Impact on the statements of financial position as at 31 March 2019:-

	Increase/(decrease) RM'000
Group	
Asset	
Property, plant and equipment (right-of-use assets)	62
Liability	
Lease liabilities	(65)
Net impact on equity	(3)

Impact on the statements of profit or loss and other comprehensive income for the financial year ending 31 March 2019:-

	Increase/(decrease) RM'000
Group	
Depreciation expense (Included in other expenses)	6
Operating lease expense (Included in administrative expenses)	(5)
Finance costs	2
Profit for the financial year	3

Due to the adoption of MFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

## 2. BASIS OF PREPARATION *cont'd*

### 2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

#### 2.6.1 Estimation Uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

##### Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent professional valuer to estimate the fair value.

The carrying amounts of the land and buildings at the end of the reporting year and the relevant revaluation basis are disclosed in Note 4 to the Financial Statements.

##### Revaluation of investment properties

The Group measures its investment properties at fair value with changes in fair value being recognised in profit or loss. The Group engages independent professional valuer to estimate the fair value.

The carrying amounts of the investment properties at the end of the reporting year and the relevant revaluation basis are disclosed in Note 5 to the Financial Statements.

##### Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 March 2019, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, resulting in the adjustment to the Group's assets.

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Group's net profit for the financial year.

The carrying amounts of the Groups' property, plant and equipment at the end of the reporting year are disclosed in Note 4 to the Financial Statements.

##### Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core businesses are subject to economical and technology changes which may cause selling prices to change rapidly and the Group's net profit to change.

The carrying amounts of the Group's inventories at the reporting date are disclosed in Note 8 to the Financial Statements.

##### Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustments to market risk and the appropriate adjustments to asset-specific risk factors.

## 2. BASIS OF PREPARATION *cont'd*

### 2.6 Significant Accounting Estimates and Judgements *cont'd*

#### 2.6.1 Estimation Uncertainty *cont'd*

##### Impairment of loans and receivables

##### *Provision for expected credit losses ("ECLs") of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and plantation sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

##### Income taxes

Significant judgement is involved in determining the Group-wide and Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

#### 2.6.2 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group and the Company that have the most significant effects on the financial statements:-

##### Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under finance lease), the Group accounts for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements.

### 3.1 Consolidation

#### 3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Company considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

#### 3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting year.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

#### Merger method

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves. This is not applicable to AYS (FZ) Sdn. Bhd. (formerly known as Infinity FZ Sdn. Bhd.) which was accounted for under the acquisition method.

#### Acquisition method

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquire. For each business combination, the Group elects whether it measures the non-controlling interest in the acquire at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.1 Consolidation *cont'd*

#### 3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### 3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 3.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interests even if that results in a deficit balance.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.1 Consolidation *cont'd*

#### 3.1.6 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, investment in an associate is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statements of change in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The financial statements of the associate is prepared as of the same reporting year as of the Group. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the amount in the "share of profit of investment accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or losses arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gains or losses would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceed and its carrying amount is included in profit or loss.

### 3.2 Property, plant and equipment

Property, plant and equipment except for land and buildings are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are stated at revalued amount, which is the fair value at the date of revaluation less accumulated depreciation and impairment losses, if any. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date.

At the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserves' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus recognised in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.



## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.2 Property, plant and equipment *cont'd*

All other property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such cost as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

Restoration cost relating to an item of the property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss in the financial year in which such asset is derecognised.

### 3.3 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditure that directly attributable to the acquisition of the investment properties, the cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to working condition for its intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair values and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by independent professional valuers with sufficient experience with respect to both the location and the nature of the investment properties and supported by market evidence.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

### 3.4 Inventories

Inventories are valued at the lower of cost and net realisable value with weighted average cost being the main basis.

Cost of raw materials comprises the cost of purchase plus the incidental cost of bringing the inventories to their present location and condition whereas the cost of goods in transit comprise only the cost of purchase.

Cost of work-in-progress and finished goods include raw materials, direct labours and appropriate proportion of production overheads.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.5 Financial instruments

#### 3.5.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes the parties to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

#### 3.5.2 Classification and subsequent measurement of financial assets

##### (i) Accounting policies applied from 1 April 2018:-

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:-

- amortised cost ("AC")
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVTOCI")

In the periods presented, the Group and the Company do not have any financial assets categorised as FVTOCI. The Group and the Company carry only at AC and FVTPL on their statements of financial position.

The classification is determined by both:-

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):-

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

##### Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

##### (ii) Accounting policies applied until 31 March 2018:-

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- (a) financial assets at fair value through profit or loss;
- (b) held to maturity investments;
- (c) loans and receivables; and
- (d) available-for-sale financial assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.5 Financial instruments *cont'd*

#### 3.5.2 Classification and subsequent measurement of financial assets *cont'd*

##### (ii) *Accounting policies applied until 31 March 2018:- cont'd*

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of the financial assets.

A financial asset or part of it is derecognised when, and only when, contractual right to receive cash flows from the financial asset expired or the financial assets is transferred to another party without retaining control or substantially all risks and rewards of the assets. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

At the reporting date, the Group and the Company carry loans and receivables on its statements of financial position.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowances for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group and the Company's trade and other receivables, amount due from subsidiaries and cash and cash equivalents fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

#### 3.5.3 Financial assets – impairment

##### (i) *Accounting policies applied from 1 April 2018:-*

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. This replaces MFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under MFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group and the Company first identifying a credit loss event. Instead, the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:-

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.5 Financial instruments *cont'd*

#### 3.5.3 Financial assets – impairment *cont'd*

##### (i) Accounting policies applied from 1 April 2018:- *cont'd*

###### Trade and other receivables

The Group and the Company make use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company use their historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group and the Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Overall, the impact of the impairment was immaterial.

##### (ii) Accounting policies applied until 31 March 2018:-

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

#### 3.5.4 Financial liabilities – categorisation and subsequent measurement

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's and Company's financial liabilities include trade and other payables, amount due to an associate, finance lease liabilities, bank borrowings and dividend payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

At reporting date, the Group and the Company have not designated any financial liabilities as at fair value through profit or loss. The Group and the Company carry only other financial liabilities on their statements of financial position.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.5 Financial instruments *cont'd*

#### 3.5.5 Offsetting of Financial Instruments

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

#### 3.5.6 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market process or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as how they are measured are provided in Note 33 to the financial statements.

### 3.6 Impairment of assets

#### 3.6.1 Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for such asset in prior years.

### 3.7 Derivative financial instruments and hedging activities

The Group applies the new hedge accounting requirements in MFRS 9 prospectively. All hedging relationships that were hedging relationships under IAS 39 at the 31 March 2018 reporting date meet the MFRS 9's criteria for hedge accounting at 1 April 2018 and are therefore regarded as continuing hedging relationships.

Derivative financial instruments are accounted for at fair value through profit and loss ("FVTPL") except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.7 Derivative financial instruments and hedging activities *cont'd*

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

### 3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short term demand deposits which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents are restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

### 3.9 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

### 3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

#### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased assets is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.



## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.10 Leases *cont'd*

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### 3.10.1 Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For lease of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact the land normally has an indefinite economic life.

#### 3.10.2 Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

### 3.11 Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

### 3.12 Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current and prior years' retained profits.

All transactions with the owners of the Company are recorded separately within equity.

The revaluation reserves within equity comprise gains arising from the revaluation of land and buildings.

### 3.13 Foreign currency transactions and balances

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the reporting date.

Gains and losses resulting from settlement of such transactions and conversion of monetary assets and liabilities, whether realised or unrealised, are included in the profit or loss as they arise.



## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### 3.14.1 Sales of goods

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

#### 3.14.2 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

#### 3.14.3 Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### 3.14.4 Dividend income

Dividend income is recognised when the Company's right to receive such payment is established.

### 3.15 Employees benefits

#### 3.15.1 Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by the employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

#### 3.15.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employees services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

### 3.16 Tax expenses

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

#### 3.16.1 Current tax

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

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.16 Tax expenses *cont'd*

#### 3.16.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, except for land and buildings carried at revalued amounts and investment properties carried at fair value. Where land and buildings carried at their revalued amounts and investment properties carried at their fair values in accordance with the accounting policy set out in Note 3.2 and Note 3.3 to the Financial Statements respectively, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 3.17 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group and the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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

The Malaysia Government has zero rated the GST effective from 1 June 2018. This means the GST rate on supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sale tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

#### 3.18 Sales and Services tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the assets 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 sale tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.19 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All reporting segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### 3.20 Earnings per Share

The Group present basis and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares during the period.

### 3.21 Related parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group and the Company if that person:-

- (i) has control or joint control over the Group and the Company;
- (ii) has significant influence over the Group and the Company; or
- (iii) is a member of the key management personnel of the parent of the Group and the Company, or the Group.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

- (i) the entity and the Group and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity;
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group and the Company or an entity related to the Group and the Company;
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above;
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity or of the parent of the entity; or
- (viii) the entity, or any member of a company of which it is a part, provides key management personnel services to the parent of the Group and the Company or the Group.

# Notes to the Financial Statements *cont'd*

31 March 2019

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	At Valuation	At Cost			TOTAL RM'000
	LAND AND BUILDINGS RM'000	MACHINERY AND EQUIPMENT RM'000	MOTOR VEHICLES AND OTHERS RM'000	CAPITAL WORK IN PROGRESS RM'000	
<b>Cost or valuation</b>					
At 1 April 2017	66,176	15,502	12,562	9,130	103,370
Additions	11,878	9,864	1,848	1,604	25,194
Disposals	-	(90)	(1,084)	-	(1,174)
Written off	-	(18)	(25)	-	(43)
Transfer to investment properties	-	-	-	(2,066)	(2,066)
Transfer to other receivables	(43)	-	-	-	(43)
Reclassifications	7,065	-	-	(7,065)	-
Revaluations	6,964	-	-	-	6,964
At 31 March 2018	92,040	25,258	13,301	1,603	132,202
Additions	-	516	2,280	-	2,796
Disposals	-	(1,309)	(1,309)	-	(2,618)
Written off	-	(25)	(87)	-	(112)
Reclassification	1,603	822	(822)	(1,603)	-
At 31 March 2019	93,643	25,262	13,363	-	132,268
<b>Accumulated depreciation</b>					
At 1 April 2017	3,826	11,662	8,350	-	23,838
Charge for the financial year	567	1,148	1,626	-	3,341
Disposal	-	(90)	(1,082)	-	(1,172)
Written off	-	(16)	(18)	-	(34)
Revaluations	(4,335)	-	-	-	(4,335)
At 31 March 2018	58	12,704	8,876	-	21,638
Charge for the financial year	1,031	2,217	1,555	-	4,803
Disposals	-	(1,268)	(1,098)	-	(2,366)
Written off	-	(17)	(82)	-	(99)
At 31 March 2019	1,089	13,636	9,251	-	23,976
<b>Accumulated impairment</b>					
At 1 April 2017	-	-	-	-	-
Impairment recognised for the financial year	1,882	-	-	-	1,882
At 31 March 2018/2019	1,882	-	-	-	1,882
<b>Net carrying amount</b>					
At 31 March 2019	90,672	11,626	4,112	-	106,410
At 31 March 2018	90,100	12,554	4,425	1,603	108,682

(a) Impairment losses are recognised in respect of property, plant and equipment in the previous financial year are attributable to the assets' carrying amount greater than anticipated wear and tear. Those assets have been impaired in full.

(b) The net carrying amount of property, plant and equipment which are under finance lease arrangements are as follows:-

	GROUP	
	2019 RM'000	2018 RM'000
Motor vehicles	1,039	896
Machinery and equipment	100	200

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

### (c) Revaluation of land and buildings

The Group's land and buildings are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any.

Land and buildings were revalued in the financial year 2018 by First Pacific Valuers Property, Consultant Sdn. Bhd., an independent professional valuer.

The sales comparison method was adopted in arriving at the market value of the land and buildings. In estimating the fair value of the properties, the highest and the best use of the properties is their current use. There have been no changes to the valuation technique during the year.

The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown as "revaluation reserves" under the equity.

Land and buildings at valuation are categorised as Level 2 fair values.

#### Level 2 fair values

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Had the land and buildings of the Group been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM49,575,063 (2018: RM49,072,810).

## 5. INVESTMENT PROPERTIES

Group	AT FAIR VALUE LAND AND BUILDINGS RM'000	AT COST CAPITAL WORK IN PROGRESS RM'000	TOTAL RM'000
At 1 April 2017	15,060	-	15,060
Additions	109	7,098	7,207
Change in fair value recognised in profit or loss	154	-	154
Transfer from property, plant and equipment	-	2,066	2,066
Reclassifications	2,062	(2,062)	-
At 31 March 2018	17,385	7,102	24,487
Additions	83	-	83
Change in fair value recognised in profit or loss	-	1,815	1,815
Disposal	(90)	-	(90)
Reclassifications	8,917	(8,917)	-
At 31 March 2019	26,295	-	26,295

	GROUP	
	2019 RM'000	2018 RM'000
Rental income	(94)	(52)
Direct operating expenses:-		
- Income generating investment properties	66	65
- Non-income generating investment properties	25	22

## 5. INVESTMENT PROPERTIES *cont'd*

### (a) Fair value basis of investment properties

The Group applies fair value model in measuring its land and buildings. Land and buildings of the Company were revalued in financial year 2019 by Savills (Malaysia) Sdn. Bhd., an independent professional valuer.

The sale comparison method was adopted in arriving at the market value of the land and buildings. In estimating the fair values of the properties, the highest and the best use of the properties is their current use. There have been no changes to the valuation technique during the year.

### (b) The land and buildings at valuation are categorised at Level 2 fair values.

#### Level 2 Fair Values

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The title deed of buildings of the Group with fair value of RM8,340,000 (2018: RM2,840,000) are yet to be issued by the relevant authorities.

## 6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2019	2018
	RM'000	RM'000
Unquoted shares at cost	160,100	160,100

Details of the subsidiaries which are incorporated in Malaysia are as follows:-

	EFFECTIVE INTEREST (%)		PRINCIPAL ACTIVITY
	2019	2018	
<b>Subsidiaries</b>			
Ann Yak Siong Hardware Sdn. Bhd.	100	100	Trading and marketing of steel products
AYS (FZ) Sdn. Bhd. (Formerly known as Infinity FZ Sdn. Bhd.)	100	100	Warehousing and storage services
<b>Indirect Subsidiaries</b>			
AYS Marketing Sdn. Bhd.	100	100	Trading in all types of construction materials and steel products
AYS Metal Products & Engineering Sdn. Bhd.	99	99	Manufacturing and trading of panels and components for sectional tanks
AYS Wire Products Sdn. Bhd.	90	90	Manufacturing and trading of wire and steel products
CH Yodoform Sdn. Bhd.	100	100	Manufacturing and trading of purlin and other steel products
AYS Capital Sdn. Bhd. (Formerly known as Heapi Enterprise Sdn. Bhd.)	100	100	Dormant
AYS Metal Trading Sdn. Bhd.	99	99	Dormant
CH Yodoform Trading Sdn. Bhd.	100	100	Dormant

All the subsidiaries are audited by Grant Thornton Malaysia.

# Notes to the Financial Statements *cont'd*

31 March 2019

## 7. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>At cost</b>				
Unquoted shares in Malaysia	450	450	450	450
Impairment loss	-	-	(450)	(450)
Share of result of associate	(450)	(450)	-	-
	-	-	-	-

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

Name of company	EFFECTIVE INTEREST (%)		PRINCIPAL ACTIVITY
	2019	2018	
AOK Engineering Services Sdn. Bhd	45	45	Engineering design and drawings

The associate is audited by Grant Thornton Malaysia

None of the Group's associate is material to the Group. Therefore, the summarised financial information is not presented.

Impairment loss was recognised for the investment in an associate due to irrecoverable cost of investment.

The movement of accumulated impaired losses during the financial year is as follow:

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Balance at 1 April	-	-	450	-
Impairment loss during the financial year	-	-	-	450
Balance at 31 March	-	-	450	450

## 8. INVENTORIES

	GROUP	
	2019	2018
	RM'000	RM'000
At carrying amount:-		
Raw materials	5,860	6,900
Work-in-progress	3,944	2,524
Finished goods	289,485	178,154
Goods in transit	29,502	30,162
	328,791	217,740
Recognised in profit or loss:		
Impairment loss on inventories	19	247
Inventories recognised as cost of sales	490,884	412,809



# Notes to the Financial Statements *cont'd*

31 March 2019

## 9. TRADE RECEIVABLES

	GROUP	
	2019	2018
	RM'000	RM'000
Trade receivables	169,461	159,612
Less: Allowance for expected credit loss		
At beginning of financial year	(6,146)	(7,945)
Recognised	(155)	(250)
Reversed	1,474	2,049
At end of financial year	(4,827)	(6,146)
	164,634	153,466

Trade receivables are generally on 30 to 120 (2018: 30 to 120) days term.

The reversal made was due to payments received from customers and bad debts written off during the financial year.

## 10. OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	1,947	1,919	-	-
GST receivable	1,640	860	-	-
Deposits	417	582	5	4
Prepayments	3,797	2,456	73	16
	7,801	5,817	78	20

## 11. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries is non-trade in nature unsecured, interest free and repayable on demand.

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP			
	2019		2018	
	CONTRACT/ NOTIONAL AMOUNT RM'000	(ASSETS) RM'000	CONTRACT/ NOTIONAL AMOUNT RM'000	LIABILITIES RM'000
<b>Hedging derivatives:</b>				
Forward currency contracts	20,737	(58)	18,510	97

The Group uses forward currency contracts to manage some of the transactions exposure. Trading derivatives are classified as current assets or liabilities. The full fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

As at 31 March 2019, the Group has forward currency contracts outstanding designated as hedges of expected future purchases from suppliers in China, Japan, South Korea, Singapore and Thailand for which the Company has high probable forecasted transactions. The forward currency contracts are used to hedge the foreign currency risk of the highly probable forecasted transactions.

# Notes to the Financial Statements *cont'd*

31 March 2019

## 13. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of fixed deposits with licensed banks range from 2.75% to 3.60% (2018: 2.20% to 3.60%) per annum with maturity dates of 3 days to 12 months (2018: 1 day to 12 months).

## 14. SHARE CAPITAL

	GROUP AND COMPANY	
	2019	2018
	RM'000	RM'000
Issued and fully paid:-		
380,417,656 ordinary shares	190,209	190,209

## 15. CAPITAL RESERVE

Capital reserve relates to the bonus share issued by subsidiaries.

## 16. MERGER DEFICIT

The merger deficit arose from the acquisition of Ann Yak Siong Hardware Sdn. Bhd. by share exchange in the financial year ended 2013 as follows:-

	GROUP
	RM'000
Shares issued by the Company	160,000
Less: share capital of subsidiaries acquired	(6,810)
	153,190

As the Company acquired its subsidiaries by means of a share exchange, resulting in a business combination involving entities under common control and where no acquirer is identified, the merger method of consolidation had been used. Therefore, the difference between the purchase consideration and the carrying value of the share capital acquired is adjusted to equity.

## 17. REVALUATION RESERVES

Revaluation reserves relate to the revaluation gain on land and buildings.

## 18. RETAINED EARNINGS

The Company is under single-tier system and can frank the payment of dividends out of its entire retained earnings without incurring additional tax liabilities.

## 19. DEFERRED TAX LIABILITIES

	GROUP	
	2019	2018
	RM'000	RM'000
At 1 April	5,764	3,779
Recognised in profit or loss (Note 27)	57	281
Recognised in other comprehensive income	-	821
Underprovision of deferred tax (Note 27)	-	883
At 31 March	5,821	5,764

# Notes to the Financial Statements *cont'd*

31 March 2019

## 19. DEFERRED TAX LIABILITIES *cont'd*

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

	GROUP	
	2019	2018
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,247	972
Revaluation of investment properties	563	667
Revaluation of land and buildings	4,185	4,185
Impairment loss on trade receivables	(174)	(60)
	5,821	5,764

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of the recoverability:-

	GROUP	
	2019	2018
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(3,835)	(4,577)
Revaluation of investment properties	(31)	(31)
Trade receivables	-	56
Unutilised business losses	2,266	3,198
Unutilised capital allowances	4,161	4,436
Unutilised reinvestment allowances	2,815	2,757
	5,376	5,839

## 20. FINANCE LEASE LIABILITIES

	GROUP	
	2019	2018
	RM'000	RM'000
Finance lease liabilities:		
- payable within 1 year	511	626
- payable between 2 to 5 years	801	606
	1,312	1,232
Less: future finance charges	(97)	(73)
	1,215	1,159
Present value of finance lease liabilities:		
- payable within 1 year	501	585
- payable between 2 to 5 years	714	574
	1,215	1,159

The finance lease liabilities bear interest rates ranging from 1.60% to 3.40% (2018: 1.60% to 3.40%) per annum.

# Notes to the Financial Statements *cont'd*

31 March 2019

## 21. BANK BORROWINGS

	GROUP	
	2019 RM'000	2018 RM'000
<b>Non-current</b>		
Term loan	102	639
<b>Current</b>		
Bankers' acceptance	310,968	217,271
Term loan	530	568
	311,498	217,839
	311,600	218,478

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

The bank borrowings of the Group bear interest at rates ranging from 4.18% to 8.70% (2018: 4.21% to 8.79%) per annum.

The above term loan is repayable over 120 monthly installments of RM53,438 each month commencing from the date of full drawdown.

## 22. TRADE PAYABLES

The normal credit terms granted by the trade payables range from 14 to 90 (2018: 14 to 90) days term.

## 23. OTHER PAYABLES

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-trade payables	4,800	5,251	1	8
GST payable	-	15	-	-
Accruals	3,628	6,088	235	293
Deposits	74	2,877	-	-
	8,502	14,231	236	301

## 24. REVENUE

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sales of goods/services rendered	599,347	562,508	-	-
Dividend income	-	-	9,500	10,000
	599,347	562,508	9,500	10,000

### Timing of revenue recognition

Goods transferred and services rendered at a point in time	599,347	562,508	9,500	10,000
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### Performance obligation

Information about the Group's performance obligations are summarised below:-

#### Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days from delivery.

#### Installation services

The performance obligation is satisfied upon completion of installation and acceptance of the customers.

# Notes to the Financial Statements *cont'd*

31 March 2019

## 25. FINANCE INCOME AND FINANCE COSTS

Finance income for the reporting periods consist of the following:-

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income from cash and cash equivalents	169	640	-	-
Interest income from overdue account	930	163	-	-
	1,099	803	-	-

Finance costs for the reporting periods consist of the following:-

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Term loan	67	102	-	-
Finance lease liabilities	58	65	-	-
Bank overdraft	55	76	-	-
Banker acceptances	12,290	8,858	-	-
Others	2	2	-	-
	12,472	9,103	-	-

## 26. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Rental expenses	124	870	-	-
Rental of machinery	285	411	-	-
Rental income	(94)	(52)	-	-
Realised (gain)/loss on foreign exchange	(945)	229	-	-

## 27. TAX EXPENSE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Taxation				
- current year	5,169	9,348	-	-
- under/(over)provision in prior years	155	(1,388)	-	-
Deferred taxation:				
- transferred from deferred tax (Note 19)	57	281	-	-
- underprovision in prior years (Note 19)	-	883	-	-
	5,381	9,124	-	-

# Notes to the Financial Statements *cont'd*

31 March 2019

## 27. TAX EXPENSE *cont'd*

The numerical reconciliation of tax expense at the statutory income tax rate to tax expense at the effective income tax rate is as follows:-

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	21,127	32,654	8,733	8,871
Tax at 24%	5,071	7,837	2,096	2,129
Non-allowable expenses	1,568	1,019	184	271
Income not subject to tax	(1,188)	(140)	(2,280)	(2,400)
Movement of deferred tax assets not recognised	(111)	1,738	-	-
Unutilised reinvestment allowance	-	(862)	-	-
Deferred tax arising from investment properties	(113)	37	-	-
Under/(Over) provision of taxation in prior years	155	(1,388)	-	-
Underprovision of deferred taxation in prior years	-	883	-	-
Total tax expense	5,381	9,124	-	-

As at 31 March 2019, the Group has unutilised business losses, unutilised capital allowances and unutilised reinvestment allowances amounting to approximately RM2,266,000 (2018: RM3,198,000), RM4,161,000 (2018: RM4,436,000) and RM2,815,000 (2018: RM2,757,000) respectively which are available to offset against future taxable profits.

## 28. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share is calculated based on Group's net profit for the year attributable to owners of the Company of RM15,743,000 (2018: RM23,503,000) over the number of weighted average shares during the financial year of 380,417,656 (2018: 380,417,656).

### Diluted earnings per share

No diluted earnings per share is presented as there are no potential dilutive ordinary shares as at reporting date.

## 29. EMPLOYEES BENEFITS EXPENSES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	21,010	20,590	37	7
Defined contribution plan	2,633	2,666	-	-
Social security contributions	135	128	-	-
Other benefits	1,286	1,117	-	-
	25,064	24,501	37	7

# Notes to the Financial Statements *cont'd*

31 March 2019

## 29. EMPLOYEES BENEFITS EXPENSES *cont'd*

The remunerations of Directors and other key management personnels of the Company during the financial year are as follows:-

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Directors:-</u>				
Directors' fee	484	452	484	452
Salaries and other emoluments	5,021	5,741	37	7
Defined contribution plan	947	1,090	-	-
Social security contributions	4	4	-	-
Other benefits	113	106	-	-
	6,569	7,393	521	459
<u>Other key managements:-</u>				
Salaries and other emoluments	4,911	4,438	-	-
Defined contribution plan	633	565	-	-
Social security contributions	13	13	-	-
Other benefits	107	27	-	-
	5,664	5,043	-	-
	12,233	12,436	521	459

## 30. COMMITMENTS

### (a) Capital commitments

	GROUP	
	2019	2018
	RM'000	RM'000
Authorised but not contracted for:		
- Property, plant and equipment	26,288	28,524
Authorised and contracted for:		
- Property, plant and equipment	253	950
- Investment property	-	2,367

### (b) Operating lease commitments

The future minimum lease payments under non-cancellable lease commitments are as follows:-

	GROUP	
	2019	2018
	RM'000	RM'000
Not later than one year	834	811
Between 2 to 5 years	3,180	-
	4,014	811

## 31. RELATED PARTY DISCLOSURES

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Dividend income received from a subsidiary	-	-	(9,500)	(10,000)
Sales of goods to a related party	(10)	(118)	-	-
Rental charged by a related party	18	18	-	-



## 31. RELATED PARTY DISCLOSURES *cont'd*

### (b) Compensation of key management personnels

Key management personnels includes all Directors of the Group and of the Company and certain members of key management personnels of the Group and the Company.

The remunerations of the Directors and other key management personnels are disclosed in Note 29 to the Financial Statements.

Key management personnels are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

### (c) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 11 to the Financial Statements.

## 32. DIVIDENDS

RM'000

### 2019

Final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2018, paid on 24 August 2018	3,804
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### 2018

First single-tier interim dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 March 2018, paid on 30 March 2018	5,706
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Final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2017, paid on 18 August 2017	3,804
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**9,510**

The Directors recommend the payment of a final single-tier dividend of 1.0 sen per ordinary share amounting to RM3,804,177 in respect of the financial year ended 31 March 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## 33. FINANCIAL INSTRUMENTS

### 33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

Financial assets and financial liabilities are measured at amortised cost ("AC") and fair value through profit or loss ("FVTPL").

Group 2019	CARRYING AMOUNT RM'000	AC RM'000	FVTPL RM'000
<b>Financial assets</b>			
Trade and other receivables	166,998	166,998	-
Fixed deposits with licensed banks	8,670	8,670	-
Cash and bank balances	9,352	9,352	-
Derivative financial instruments	58	-	58
	185,078	185,020	58
<b>Financial liabilities</b>			
Trade and other payables	62,797	62,797	
Finance lease liabilities	1,215	1,215	
Bank borrowings	311,600	311,600	
	375,612	375,612	

# Notes to the Financial Statements *cont'd*

31 March 2019

## 33. FINANCIAL INSTRUMENTS *cont'd*

### 33.1 Categories of financial instruments *cont'd*

The table below provides an analysis of financial instruments categorised as follows:- *cont'd*

Financial assets and financial liabilities are measured at amortised cost ("AC") and fair value through profit or loss ("FVTPL"). *cont'd*

Company 2019	CARRYING AMOUNT RM'000	AC RM'000
<b>Financial assets</b>		
Other receivables	5	5
Amount due from subsidiaries	39,529	39,529
Cash and bank balances	46	46
	39,580	39,580
<b>Financial liability</b>		
Other payables	236	236

The financial instrument classification in the prior period are in accordance with MFRS 139 as follows:-

- (a) Loans and receivables ("L&R"); and
- (b) Other financial liabilities measured at amortised cost ("OFL")

Group 2018	CARRYING AMOUNT RM'000	L&R RM'000	OFL RM'000
<b>Financial assets</b>			
Trade and other receivables	155,967	155,967	-
Fixed deposits with licensed banks	14,446	14,446	-
Cash and bank balances	15,321	15,321	-
	185,734	185,734	-
<b>Financial liabilities</b>			
Trade and other payables	52,866	-	52,866
Finance lease liabilities	1,159	-	1,159
Bank borrowings	218,478	-	218,478
	272,503	-	272,503
<b>Company 2018</b>			
<b>Financial assets</b>			
Other receivables	4	4	-
Amount due from subsidiaries	34,740	34,740	-
Cash and bank balances	37	37	-
	34,781	34,781	-
<b>Financial liability</b>			
Other payables	301	-	301

### 33.2 Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and Company's business whilst managing their credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

## 33. FINANCIAL INSTRUMENTS *cont'd*

### 33.2 Financial risk management objectives and policies *cont'd*

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

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations. It is the Group's and Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and Company's total credit exposure.

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

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

#### (i) Receivables

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

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

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

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

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

Group	GROSS CARRYING AMOUNT	Loss ALLOWANCES	NET BALANCE
2019	RM'000	RM'000	RM'000
Current	73,973	-	73,973
1-30 days	41,804	-	41,804
31-60 days	19,690	-	19,690
61-90 days	11,254	-	11,254
more than 90 days	17,943	-	17,943
<b>Credit impaired</b>			
Individually impaired	4,827	(4,827)	-
	169,461	(4,827)	164,634
<b>2018</b>			
Current	70,600	-	70,600
1-30 days	35,659	-	35,659
31-60 days	22,503	-	22,503
61-90 days	9,022	-	9,022
more than 90 days	15,682	-	15,682
<b>Credit impaired</b>			
Individually impaired	6,146	(6,146)	-
	159,612	(6,146)	153,446

## 33. FINANCIAL INSTRUMENTS *cont'd*

### 33.2 Financial risk management objectives and policies *cont'd*

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

#### (a) Credit risk *cont'd*

##### (ii) Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

At the end of the reporting year, there was no indication that the advances to subsidiaries are not recoverable.

##### (iii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

##### (iv) Financial guarantees

The maximum exposure to credit risk is RM311,345,000 (2018: RM256,486,000) in respect of corporate guarantees given to financial institution for banking facilities granted to and utilised by the subsidiaries as at the end of the reporting year.

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

#### (b) Liquidity risk

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

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

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

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

	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS RM'000	CURRENT LESS THAN 1 YEAR RM'000	MORE THAN 1 YEAR BUT LESS THAN 5 YEARS RM'000
<b>Group 2019</b>				
<b>Secured:-</b>				
Bankers' acceptance	310,968	316,843	316,843	-
Finance lease liabilities	1,215	1,312	511	801
Term loan	632	660	641	19
	312,815	318,815	317,995	820
<b>Unsecured:-</b>				
Trade payables	54,295	54,295	54,295	-
Other payables	8,502	8,502	8,502	-
	62,797	62,797	62,797	-
<b>Total</b>	<b>375,612</b>	<b>381,612</b>	<b>380,792</b>	<b>820</b>

# Notes to the Financial Statements *cont'd*

31 March 2019

## 33. FINANCIAL INSTRUMENTS *cont'd*

### 33.2 Financial risk management objectives and policies *cont'd*

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

#### (b) Liquidity risk *cont'd*

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

	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS RM'000	CURRENT LESS THAN 1 YEAR RM'000	MORE THAN 1 YEAR BUT LESS THAN 5 YEARS RM'000
<b>Group</b>				
<b>2018</b>				
<b>Secured:-</b>				
Bankers' acceptance	217,271	221,367	221,367	-
Finance lease liabilities	1,159	1,232	626	606
Term loan	1,207	1,308	641	667
	219,637	223,907	222,634	1,273
<b>Unsecured:-</b>				
Trade payables	38,650	38,650	38,650	-
Other payables	14,231	14,231	14,231	-
	52,881	52,881	52,881	-
<b>Derivative financial liability</b>				
Forward currency contract	97	97	97	-
<b>Total</b>	<b>272,615</b>	<b>276,885</b>	<b>275,612</b>	<b>1,273</b>
<b>Company</b>				
<b>2019</b>				
<b>Unsecured:-</b>				
Other payables		236	236	236
Financial guarantee*		-	311,345	311,345
<b>2018</b>				
<b>Unsecured:-</b>				
Other payables		301	301	301
Financial guarantee*		-	256,486	256,486

\* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

## 33. FINANCIAL INSTRUMENTS *cont'd*

### 33.2 Financial risk management objectives and policies *cont'd*

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

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales, purchases and cash and bank balances that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily US Dollar ("USD") and Singapore Dollar ("SGD"). The Group uses forward exchange contracts to hedge its foreign currency risk when necessary. All the forward exchange contracts have maturities of less than one year after the end of the reporting year.

Exposure to foreign exchange rate varies during the financial year depending on the volume of oversea transactions.

As at the reporting date, the management of the Group determined the effects of sensitivity of the Group's net profit for the financial year to a reasonable possible change in USD and SGD to be immaterial.

#### (d) Interest rate risk

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

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

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

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

	GROUP	
	2019	2018
	RM'000	RM'000
<b>Fixed rate instruments</b>		
Fixed deposits with licensed banks	8,670	14,446
Finance lease liabilities	(1,215)	(1,159)
Bankers' acceptance	(310,968)	(217,271)
	(303,513)	(203,984)
<b>Floating rate instruments</b>		
Term loan	(632)	(1,207)
	(632)	(1,207)

#### Interest rate sensitivity analysis

As at the reporting date, the management of the Group determined the effects of sensitivity of the Group's net profit for the financial year to a reasonable possible change in interest rate to be immaterial.

## 33. FINANCIAL INSTRUMENTS *cont'd*

### 33.3 Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to their short term nature or insignificant impact of discounting.

### 33.4 Reconciliation of liabilities arising from financing activities

	AT 1 APRIL 2018 RM'000	REPAYMENT RM'000	DRAWDOWN RM'000	AT 31 MARCH 2019 RM'000
Bankers' acceptance	217,271	(794,603)	888,300	310,968
Finance lease liabilities	1,159	(342)	398	1,215
Term loan	1,207	(575)	-	632
	219,637	(795,520)	888,698	312,815

	AT 1 APRIL 2017 RM'000	REPAYMENT RM'000	DRAWDOWN RM'000	AT 31 MARCH 2018 RM'000
Bankers' acceptance	142,302	(582,505)	657,474	217,271
Finance lease liabilities	1,652	(723)	230	1,159
Term loan	1,746	(539)	-	1,207
	145,700	(583,767)	657,704	219,637

## 34. OPERATING SEGMENT

### (a) Business segments

For the management purposes, the Group is organised into business units based on their products and services, which comprise the following:-

- Trading & Services: Trading and marketing of steel products and all types of construction materials, warehousing and storage services
- Manufacturing: Manufacturing and trading of panels and components for sectional tanks, purlin, structural steel components, wire and other steel products
- Others: Investment holding and dormant

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

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



# Notes to the Financial Statements *cont'd*

31 March 2019

## 34. OPERATING SEGMENT *cont'd*

### (a) Business segments *cont'd*

Group	NOTE	MANUFACTURING RM'000	TRADING AND SERVICES RM'000	OTHERS RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL AS PER CONSOLIDATED FINANCIAL STATEMENTS RM'000
<b>2019</b>						
<b>Revenue</b>						
External customers		64,119	535,228	-	-	599,347
Inter-segment	i	14,057	19,284	9,500	(42,841)	-
<b>Total revenue</b>		<b>78,176</b>	<b>554,512</b>	<b>9,500</b>	<b>(42,841)</b>	<b>599,347</b>
<b>Results:</b>						
Interest income		(132)	(967)	-	-	(1,099)
Interest expense		395	12,077	-	-	12,472
Depreciation of property, plant and equipment		1,558	3,015	-	230	4,803
Gain on fair value adjustment on investment properties		-	21	-	(104)	(83)
Other non-cash expenses	ii	(274)	(163)	-	-	(437)
Income tax expense		68	5,291	-	22	5,381
Segment profit		(477)	21,002	8,726	(13,505)	15,746
<b>Assets:</b>						
Additions to non-current asset	iii	418	4,284	-	(89)	4,613
Segment assets		341,855	646,075	199,761	(232,316)	655,375
<b>Liabilities:</b>						
Segment liabilities		17,507	416,776	339	(53,189)	381,433
<b>Group</b>						
<b>2018</b>						
<b>Revenue</b>						
External customers		49,663	512,845	-	-	562,508
Inter-segment	i	4,914	12,342	10,000	(27,256)	-
<b>Total revenue</b>		<b>54,577</b>	<b>525,187</b>	<b>10,000</b>	<b>(27,256)</b>	<b>562,508</b>
<b>Results:</b>						
Interest income		(360)	(941)	-	498	(803)
Interest expense		336	9,265	-	(498)	9,103
Depreciation of property, plant and equipment		989	2,165	-	187	3,341
Gain on fair value adjustment on investment properties		20	1,338	-	(1,512)	(154)
Other non-cash expenses	ii	(43)	1,994	-	-	1,951
Income tax expense		120	9,244	-	-	9,124
Share of loss of associate		-	-	217	-	217
Segment profit		(675)	25,154	8,866	(9,815)	23,530
<b>Assets:</b>						
Additions to non-current asset	iii	8,062	22,938	-	1,401	32,401
Segment assets		53,014	524,268	194,899	(229,558)	542,623
<b>Liabilities:</b>						
Segment liabilities		24,145	306,174	398	(50,494)	280,223

## 34. OPERATING SEGMENT *cont'd*

### (a) Business segments *cont'd*

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- Inter-segment revenues are eliminated on consolidation.
- Other material non-cash expenses/(income) consist of the following items:

	GROUP	
	2019	2018
	RM'000	RM'000
Property, plant and equipment written off	13	9
Impairment loss on property, plant and equipment	-	1,882
Impairment loss on inventories	19	247
Impairment loss on trade receivables	155	250
Bad debts written off	963	1,504
Impairment loss on trade receivables no longer required	(1,474)	(2,049)
Unrealised (gain)/loss on foreign exchange	(113)	108
	(437)	1,951

- Additions to non-current assets consist of:-

	GROUP	
	2019	2018
	RM'000	RM'000
Property, plant and equipment	2,798	25,194
Investment properties	1,815	7,207
	4,613	32,401

### (b) Geographical segment

No geographical segmental information being presented as the Group operates principally within Malaysia.

### (c) Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

## 35. CAPITAL MANAGEMENT

The Group's and Company's objective when managing capital is to maintain a strong capital base and safeguard the Group's and Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the Group and the Company may issue new shares, return capital to shareholders, adjust the amount of dividends paid to shareholders or sell assets to reduce debts. There were no changes in the Group's and the Company's approach to capital management during the financial year.

## 36. EVENTS AFTER THE REPORTING PERIOD

- On 24 April 2019, one of the subsidiaries of the Company changes its name from Infinity FZ Sdn Bhd to AYS (FZ) Sdn Bhd.
- On 9 May 2019, an internal reorganisation exercise has been undertaken involving the acquisition by the Company of 240,002 ordinary shares representing the entire share capital of AYS Capital Sdn Bhd (formerly known as Heapi Enterprise Sdn Bhd) ("AYSC") for a total cash consideration of RM1.00 from the Company's wholly-owned subsidiary, Ann Yak Siong Hardware Sdn Bhd ("Internal Reorganisation"). AYSC is now a direct subsidiary of the Company after the Internal Reorganisation.
- On 9 May 2019, AYSC, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with certain shareholders of Steelaris Pte Ltd ("Steelaris"), being Chua Ley Hong (Cai Lihong), Chua Ley Suang (Cai Lishuang), Ang Tee Seng, Ang Yu Xin Aileen, Handi Saswita, Yee Yeow Cheong (Yu Yaochang), for the acquisition of 3,570,000 ordinary shares representing 51% of the total issued share capital of Steelaris for a total cash consideration of SGD1.00 (equivalent to approximately RM3.10) ("the Acquisition").

The Acquisition is yet to complete as at date of this report.

# Properties Held by AYS VENTURES BERHAD and its subsidiaries

as at 31 March 2019

LOCATION	TENURE	DESCRIPTION	AREA	EXISTING USE	APPROX. AGE OF BUILDING (No. OF YEARS)	DATE OF ACQUISITION	DATE OF REVALUATION	NET BOOK VALUE AS AT 31-03-2019 (RM'000)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse and Office	22	01-Oct-09	31-Mar-18	24,322
No.7, Lorong Keluli 1A, Kawasan Perindustrian Bukit Raja, 40000 Shah Alam Selangor	Freehold	Industrial Land & Building	2.177 acres	Warehouse, Office and Open storage yard	24	30-Nov-90	31-Mar-18	11,366
Lot 3845, Batu 7, Jalan Kapar/KU 7, 41050 Klang, Selangor	Freehold	Industrial Land & Building	1.397 acres	Factory and Office	10	20-Dec-01	31-Mar-18	6,664
Lot 3348, KM 10, Jalan Kapar/ KU15, 41050 Klang, Selangor	Freehold	Industrial Land	4.342 acres	Open storage yard		22-Apr-96	31-Mar-18	13,500
Lot 3846, Batu 7 Jalan Kapar/KU 15 42200 Kapar Selangor	Freehold	Industrial Land & Building	3.494 acres	Factory and Office	18	13-Oct-92	31-Mar-18	18,451
P407, P408 & Part of P409, Precinct 4, Jalan FZ1-P4, Port Klang Free Zone/KS12, 42920 Pulau Indah, Selangor	Leasehold (expiring on 31.03.2045)	Building	160,000 sq ft	Warehouse and Office	2	27-Nov-17	31-Mar-18	16,369
Sub-Total (value of properties held as property, plant and equipment)								90,672
No. 9, Lorong Tiara 1A, Bandar Baru Klang, 41150 Klang, Selangor	Leasehold (expiring on 08.05.2093)	4 storey shop office	1,647 sq ft	Tenanted	21	15-Feb-94	31-Mar-19	1,150
Unit No. B-4-1, Level 4, Block B, BBK Condominium, Persiaran Bukit Raja 1, Bandar Baru Klang, 41150, Selangor	Leasehold (expiring on 09.05.2093)	Condominium	1,000 sq ft	Tenanted	19	26-Oct-95	31-Mar-19	200
Lot 1232, Jalan Batu Bata, Off Jalan Bukit Kemuning, Seksyen 35, 40470 Shah Alam, Selangor	Freehold	Industrial Land	4.438 acres	Vacant		03-Jan-96	31-Mar-19	12,000
GRN 216124/Lot 22147, College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	8,267 sq ft	Vacant		29-Sep-98	31-Mar-19	210
No.18, Jalan Mahawangsa 1, Langkawi Boulevard, 07000 Kuah, Langkawi, Kedah	Leasehold (expiring on 03.01.2109)	4 storey shop office	22,357 sq ft	Tenanted	2	07-Jan-15	31-Mar-19	2,500
35, Jalan i-Park SAC 4, Taman Perindustrian i-Park SAC, 81400 Senai, Johor	Freehold	1½ storey detached factory	42,528 sq ft	Vacant	1	20-Apr-17	31-Mar-19	8,000
GRN 198673/Lot 21280, College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	9,096 sq ft	Vacant		20-Feb-98	31-Mar-19	225
Unit 10-11, Bangunan Duta Impian (The Embassy Suites), No. 14, Jalan Dato Abdullah Tahir, 80250 Johor Bahru	Freehold	Apartment	1,345 sq ft	Vacant	13	30-Dec-04	31-Mar-19	480

# Properties Held by AYS VENTURES BERHAD and its subsidiaries *cont'd*

as at 31 March 2019

LOCATION	TENURE	DESCRIPTION	AREA	EXISTING USE	APPROX. AGE OF BUILDING (No. OF YEARS)	DATE OF ACQUISITION	DATE OF REVALUATION	NET BOOK VALUE AS AT 31-03-2018 (RM'000)
Unit No C-2-11, Block C, Skudaivilla, Jalan Aman, Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,216 sq ft	Vacant	15	14-Jun-02	31-Mar-19	300
D-1-3, Block D, Megan Avenue 1, No 189, Jalan Tun Razak, 50400 Kuala Lumpur	Freehold	Office lot	1,270 sq ft	Vacant	24	21-Jun-14	31-Mar-19	760
Unit No. C-3-14, Block C, Rumah Pangsa Taman Semarak II, 71800 Nilai, Negeri Sembilan	Freehold	Low cost flat	721 sq ft	Vacant	21	21-Dec-04	31-Mar-19	30
Unit No. 15-2R, Tingkat 2, Jalan Maju 1/16, Taman Lembah Maju, 68000 Ampang, Selangor	Leasehold (expiring in 04.12.2086)	Apartment	790 sq ft	Vacant	11	21-Feb-00	31-Mar-19	150
Unit No 27B, 2nd Floor, Block 4, Pusat Perniagaan Worldwide, Jalan Karate 13/47, Seksye 13, 40100 Shah Alam, Selangor	Leasehold (expiring in 25.03.2102)	Commercial shoplot	366 sq ft	Vacant	19	17-Apr-03	31-Mar-19	100
Unit No. D-05-24, Level 5, Block D, Kompleks Suria Kinrara, Persiaran Kinrara Seksyen 3, Taman Kinrara Seksyen 3, 47100 Puchong, Selangor	Leasehold (expiring in 24.06.2101)	Service Condominium	712 sq ft	Vacant	10	07-Jun-12	31-Mar-19	190
Sub-total (value of properties held as investment properties)								26,295
Total (value of properties held as property, plant and equipment, and investment properties)								116,967

# Statistical Report

As At 3 June 2019

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Issued capital : RM190,208,828.00 comprising 380,417,656 shares  
 Class of shares : Ordinary shares  
 Voting rights : One vote per ordinary share held

SIZE OF SHAREHOLDINGS	No. OF SHAREHOLDERS	% OF SHAREHOLDERS	No. OF SHARES	% OF ISSUED AND PAID-UP SHARE CAPITAL
Less than 100	282	8.31	14,135	0.01
100 – 1,000	976	28.79	390,727	0.11
1,001 – 10,000	1,043	30.77	6,361,733	1.67
10,001 – 100,000	959	28.29	33,225,784	8.73
100,001 – less than 5% of issued shares	128	3.78	75,717,917	19.90
5% and above of issued shares	2	0.06	264,707,360	69.58
Total	3,390	100.00	380,417,656	100.00

## LIST OF DIRECTORS' SHAREHOLDINGS AS AT 3 JUNE 2019

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tuan Haji Mohd. Sharif Bin Haji Yusof	-	-	-	-
Oh Chiew Ho	-	-	264,707,360*	69.58
Oh Yung Sim	-	-	-	-
Oh Pooi Foon	-	-	-	-
Toh Tuan Sun	485,000	0.13	-	-
Tay Kim Chuan	-	-	-	-
Seow Nyoke Yoong	-	-	-	-
Mohamad Fazlin Bin Mohamad	-	-	-	-
Dato' Wan Hashim Bin Wan Jusoh	-	-	-	-

\* Deemed interest by virtue of his substantial shareholdings in substantial shareholders under Section 8 of the Companies Act 2016.

## SHARES IN RELATED CORPORATION AS AT 3 JUNE 2019

There is no change to the interest of Directors in related companies as disclosed in the Directors Report for the financial year ended 31 March 2019 on page 44 of this Annual Report.

## SUBSTANTIAL SHAREHOLDERS AS AT 3 JUNE 2019

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Substantial Shareholders				
Oh Chiew Ho	-	-	264,707,360*	69.58
Chiew Ho Holding Sdn Bhd ("CHH")	239,663,123	63.00	-	-
Ann Yak Siong Group Sdn Bhd ("AYSG")	25,044,237	6.58	-	-

\* Deemed interest by virtue of his substantial shareholdings in CHH and AYSG under Section 8 of the Act.

## THIRTY LARGEST SHAREHOLDERS AS AT 3 JUNE 2019

No.	NAME OF SHAREHOLDERS	No OF SHARES	% OF ISSUED AND PAID-UP SHARE CAPITAL
1.	Chiew Ho Holding Sdn Bhd	239,663,123	63.00
2.	Ann Yak Siong Group Sdn Bhd	25,044,237	6.58
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	14,165,800	3.72
4.	Tan Chee Kuan	8,000,000	2.10
5.	See Siew Chiet	6,969,900	1.83
6.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Teh Shiou Cherng	2,898,300	0.76
7.	Sin Cheak Seng Pottery Sdn Bhd	2,400,000	0.63
8.	Lim Kim Yew	2,180,600	0.57
9.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Hor Lai Yan (MY1386)	2,148,200	0.56
10.	Lim Aik Hoe	1,835,153	0.48
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San (8121282)	1,608,400	0.42
12.	Wong Wai Kuan	1,250,000	0.33
13.	Wong Yoon Seng	1,210,000	0.32
14.	Tay Buan Tong	1,200,000	0.32
15.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Song Teik Sun (PB)	1,096,600	0.29
16.	Lim Cang Lee	954,300	0.25
17.	Cimsec Nominess (Tempatan) Sdn Bhd CIMB Bank for Tay Hock Soon (MY1055)	906,700	0.24
18.	Au Cheen Hoe	750,000	0.20
19.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh She Shiang (REM 195)	700,000	0.18
20.	Lim Seng Chee	657,000	0.17
21.	Maybank Nominees (Tempatan) Sdn Bhd Mak Tin Wong	600,500	0.16
22.	CIMB Islamic Nominees (Tempatan) Sdn Bhd Kedah Islamic Asset Management Berhad for Yayasan Islam Negeri Kedah (YINK)	600,000	0.16
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Hew (E-KLG/BTG)	586,300	0.15
24.	Lim Choon Teik	541,000	0.14
25.	Tan Ah Sim @ Tan Siew Wah	540,000	0.14
26.	Tang Chee Fook	520,000	0.14
27.	Ng Tiow Min	500,000	0.13
28.	Tan Yoke Lan	500,000	0.13
29.	Toh Tuan Sun	485,000	0.13
30.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Goalkey System Sdn Bhd (MY1461)	480,000	0.13

# Proxy Form

\*I/\*We

of

being a member/members of AYS VENTURES BERHAD hereby appoint

of

or failing whom

of

or \*the Meeting as \*my/\*our proxy to vote for \*me/\*us and on \*my/\*our behalf at the Eighth Annual General Meeting of the Company to be held on Tuesday, 23 July 2019 at 9.30 a.m. and at any adjournment thereof.

\*My/\*Our proxy(ies) is/are to vote as indicated below:-

	Resolution	For*	Against*
Approval for the payment of a final single tier dividend of 1.0 sen per ordinary share	1		
Re-election of Toh Tuan Sun as Director	2		
Re-election of Haji Mohd. Sharif Bin Haji Yusof as Director	3		
Re-election of Oh Chiew Ho as Director	4		
Approval of payment of Directors' fees	5		
Approval of payment of meeting attendance allowance	6		
Re-appointment of Messrs. Grant Thornton Malaysia as Auditors	7		
Approval for adoption of new Constitution	8		
Approval for the proposed authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	9		

*\*Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.*

Dated this ..... day of ..... 2019

NUMBER OF SHARES HELD

.....

[Signature/Common Seal of Shareholder(s)]

[\*Delete if not applicable]

## NOTES:-

1. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. A Member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the Member specifies the proportion of his securities holdings to be represented by each proxy.
3. The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.
4. The instrument appointing a proxy shall be left at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.
5. Depositors who appear in the Record of Depositors as at 16 July 2019 shall be regarded as Member of the Company entitled to attend the Eighth Annual General Meeting or appoint a proxy to attend and vote on his behalf.



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**AYS VENTURES BERHAD** (925171-T)  
c/o Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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