

SHAPING A SUSTAINABLE FUTURE



2018



**AYS VENTURES BERHAD** (925171-T)  
Annual Report

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## 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.

Practicing good corporate social responsibilities.

Rewarding all stakeholders equitably.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh 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 Friday, 20 July 2018 at 9.30 a.m. to transact the following business:

## AGENDA

### As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 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 2018. **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) Oh Yung Sim **Resolution 2**
  - (ii) Oh Pooi Foon **Resolution 3**
  - (iii) Tay Kim Chuan **Resolution 4**
4. To re-elect Dato' Wan Hashim Bin Wan Jusoh who is retiring in accordance with Article 106 of the Company's Articles of Association. **Resolution 5**
5. To approve the payment of Directors' fees not exceeding RM500,000.00 for the period from August 2018 till July 2019. **Resolution 6**
6. To approve the payment of meeting attendance allowance of RM1,000.00 per meeting for each Independent Directors from August 2018 till July 2019. **Resolution 7**
7. To re-appoint Messrs. Grant Thornton Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

### SPECIAL BUSINESS

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

#### 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

21 June 2018



**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 13 July 2018 shall be regarded as Member of the Company entitled to attend the Seventh Annual General Meeting or appoint a proxy to attend and vote on his behalf.

**NOTES ON SPECIAL BUSINESS****(i) Resolution No.8**

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten per centum (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 21 July 2017. 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 2018, if approved at the Seventh Annual General Meeting, will be paid on 24 August 2018 to Depositors registered in the Record of Depositors at the close of business on 3 August 2018.

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 3 August 2018, 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  
21 June 2018

# Corporate Information

## 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 (*appointed on 1.12.2017*)  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

Mohamad Fazlin Bin Mohamad (*redesignated on 1.12.2017*)  
*(Chairman) Independent Non-Executive Director*

Haji Mohd. Sharif Bin Haji Yusof (*redesignated on 1.12.2017*)  
*(Member) Independent Non-Executive Director*

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

Dato' Wan Hashim Bin Wan Jusoh (*appointed on 1.12.2017*)  
*(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  
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

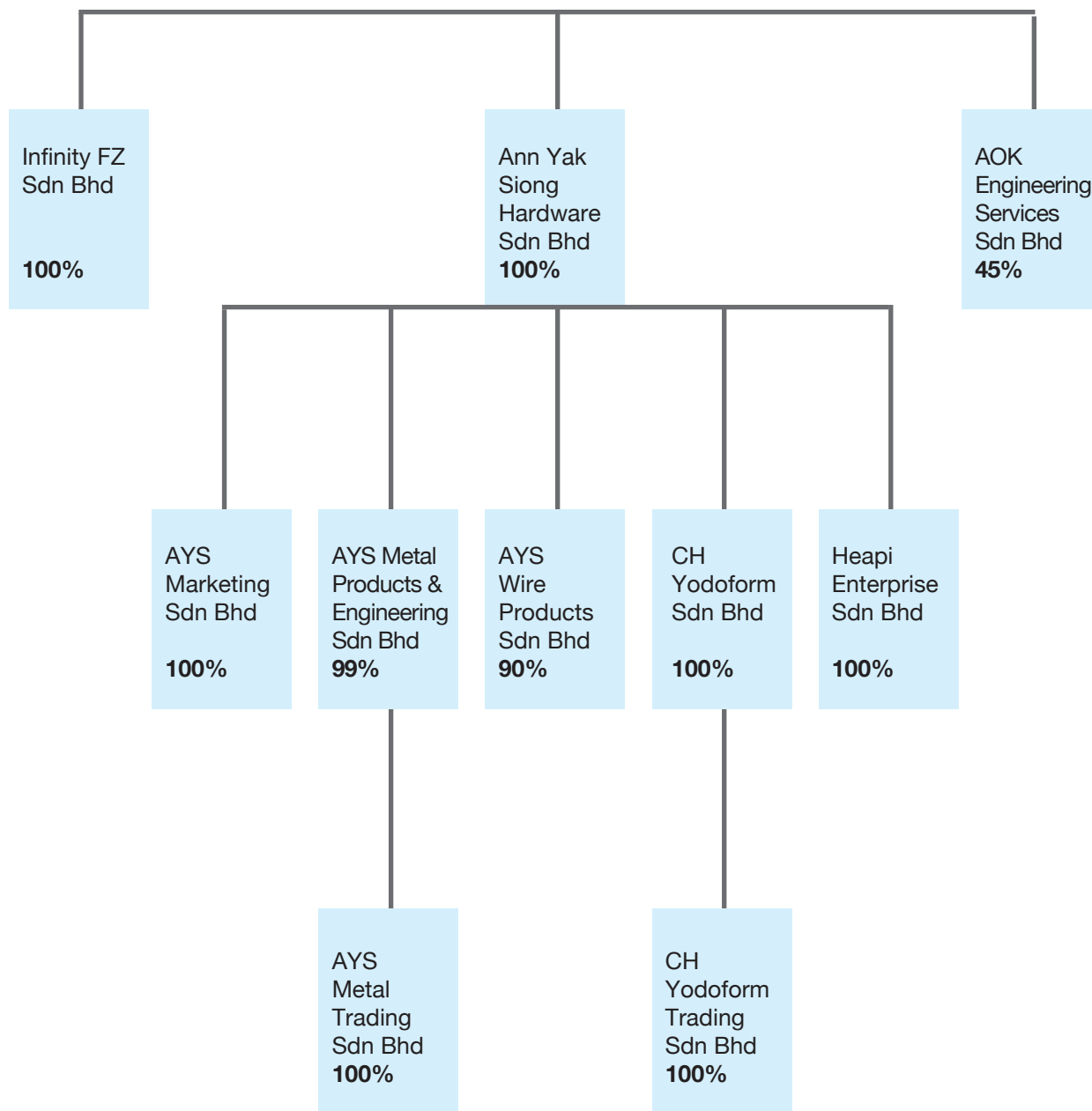
Main Market of Bursa Malaysia Securities Berhad  
Stock Name : AYS  
Stock Code : 5021

# Corporate Structure

as at 21 June 2018



AYS VENTURES BERHAD



# Profile of the Board of Directors

**HAJI MOHD. SHARIF BIN HAJI YUSOF**, aged 79, 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 71, 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 90 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 44, 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 90 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 38, 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 the





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

Trading 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 90 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 67, 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 as 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 but remains as its Advisor.

Mr Toh Tuan Sun's shareholdings in the Company and its related companies is disclosed on page 90 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.

## Profile of the Board of Directors *cont'd*

**TAY KIM CHUAN**, aged 58, 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 56, 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 an Independent Non-Executive Director of CYL Corporation 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 46, 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 Intercity (MM2H) 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 BIN WAN JUSOH**, age 60, 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.

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 Bin 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 60, 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.

**Oh Yung Wooi**, a Malaysian aged 43, 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 59, 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 successfully 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 55, 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 Chooi Guan**, a Malaysian aged 60, is the Executive Director of AYS Metal Products and Engineering Sdn Bhd ("AYSMPE"). He graduated with a Bachelor of Science – Engineering from the National Taiwan University in 1983. He started his career as Project Engineer with a subsidiary company of Jurong Engineering Ltd., Singapore in charge of two major power station projects in Paka, Terengganu and Kapar, Port Klang. In 1988, he joined the Lion Group of Companies and had held various positions in the Lion Group including Manager of Amalgamated Containers Bhd, General Manager of Lion Sankyu Tekko Sdn Bhd and Senior Manager of Megasteel Sdn Bhd. In 2008, he resigned from Lion Group of Companies. With his 25 years of working experience in the engineering and steel industries, he then joined AYS Metal Trading Sdn Bhd ("AYSMT") as Assistant General Manager and in 2011, he was promoted to General Manager and was in charge of the operations of AYSMT. In 2015, he was transferred to AYSMPE and promoted to the current position. Currently, he is responsible for the overall operations of AYSMPE.

**Tay Yew Thiam**, a Malaysian aged 52, 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 Ann Yak Siong Hardware Sdn Bhd 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.

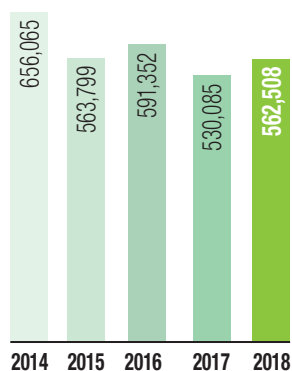
## Family relationship

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.

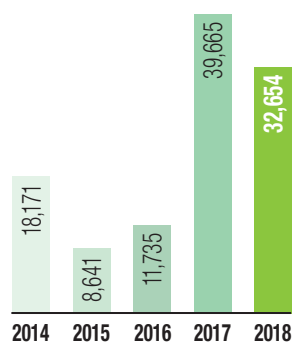
# Group Financial Highlights

Financial Year Ended 31st March (RM'000)	2014	2015	2016	2017	2018
Revenue	656,065	563,799	591,352	530,085	562,508
Profit Before Interest and Tax	26,612	17,805	22,148	46,231	40,954
Finance Costs	9,971	10,298	11,770	8,047	9,103
Profit Before Tax	18,171	8,641	11,735	39,665	32,654
Profit After Tax	13,035	7,096	8,283	27,732	23,530
Profit Attributable To Owners Of The Company	12,970	7,050	8,269	27,835	23,503
Total Equity Attributable To Owners Of The Company	207,342	214,347	215,008	237,137	261,608
Total Assets	462,730	499,850	438,160	428,282	542,623
Total Borrowings	219,876	253,066	192,156	145,700	219,637
Debt/Equity (times)	1.06	1.18	0.89	0.61	0.84
Earnings Per Share (sen)	3.41	1.85	2.17	7.32	6.18
Net Assets Per Share (RM)	0.55	0.56	0.57	0.62	0.69
Dividend Per Share (sen)	1.00	1.00	1.00	2.50	2.50

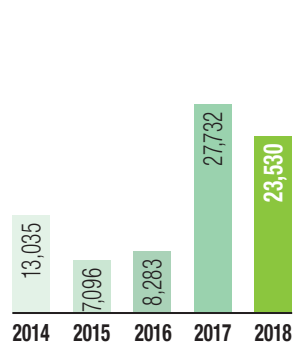
**Revenue (RM'000)**



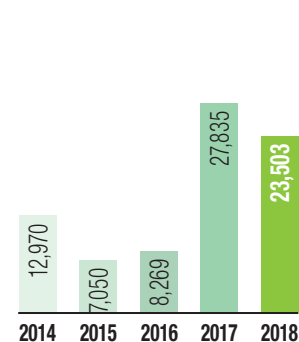
**Profit Before Tax (RM'000)**



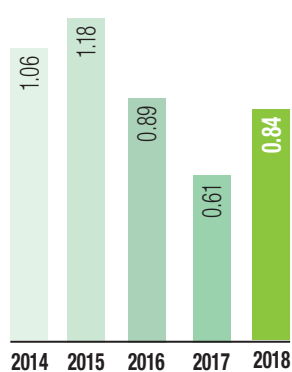
**Profit After Tax (RM'000)**



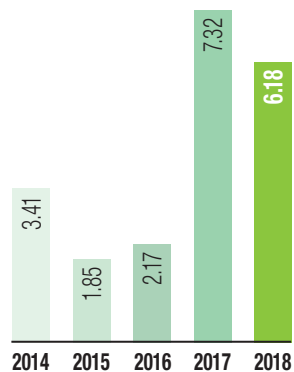
**Profit Attributable to Owners of The Company (RM'000)**



**Debt/Equity (times)**



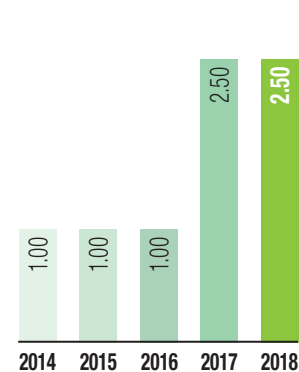
**Earnings Per Share (sen)**



**Net Assets Per Share (RM)**



**Dividend Per Share (sen)**

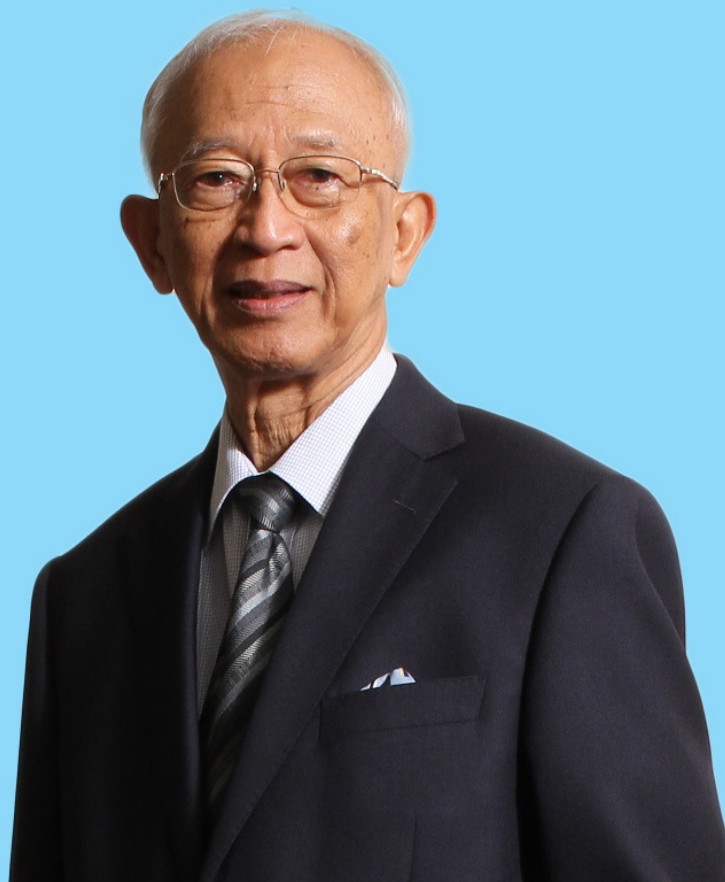




# Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and audited financial statements of AYS Ventures Berhad ("AYS" or "the Group") for the financial year ended 31 March 2018 ("FYE 2018").



## Performance and Operations Review

During the financial year 2018, steel prices remained strong globally with China and most steel-producing countries continued undergoing restructuring and cautious on overcapacity in the steel sector. In 2017, Malaysia's gross domestic product growth accelerated to 5.9% from 4.2% in 2016, predominantly driven by private consumption and investment coupled with higher government expenditure. In addition, during the financial year under review, the Ringgit continued to strengthen bolstered by higher crude oil prices.

The FYE 2018 ended with the Group recording a profit before tax ("PBT") of RM32.654 million on revenue of RM562.508 million compared with the previous year which saw PBT of RM39.665 million on revenue of RM530.085 million. The Group achieved a 6.1% increase in net revenue in the financial year under review was attributable to the selling prices of various steel products increased worldwide albeit at lower sales volume. PBT declined by 17.7% to RM32.654 million, primarily due to higher cost of goods sold, revaluation loss on property, plant and equipment comprising of building and higher finance costs. During the FYE 2018, the land and buildings held as property, plant and equipment were revalued and its revaluation loss and revaluation surplus net of deferred taxation of RM1.882 million and RM10.478 million respectively were recognised in the profit or loss and other comprehensive income. In addition, the land and buildings held as investment properties were annually measured at fair values and the gain resulting from the change in the fair value amounted to RM0.154 million was recognised in the profit or loss during the financial year.

With a net profit attributable to owners of the company of RM23.503 million, the basic earnings per share in the FYE 2018 decreased to 6.18 sen from that of 7.32 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 2018 of RM261.608 million, an increase of RM24.471 million from RM237.137 million in the previous financial year end.

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.



# Chairman's Statement *cont'd*

## Outlook and Prospects

The World Bank forecasts global economic growth to edge up to 3.1 percent in 2018, with global trade momentum remaining strong. In the press release of the International Monetary Fund ("IMF"), IMF has projected Malaysia's economic growth to decelerate from its 2017 peak of 5.8% to 5.3% in 2018 with inflation expected to moderate to 3.2% (2017:3.8%), supported by domestic demand underpinned by private sector activities and mega infrastructure projects such as Mass Rapid Transit Line 2, Light Rail Transit Line 3, Permodalan Nasional Bhd's (PNB) Merdeka PNB 118 development beside continued strength in global trade. Steel price momentum has strengthened and appears strong, moving sharply up for all forms of steel. The reduction in steel capacity in China is gathering pace and bringing the market more into balance. While the Ringgit is likely to continue to strengthen given the country's strong underlying fundamentals including stable global crude oil prices, stable gross domestic product and better export growth, the Group is cautiously optimistic on the growth momentum and its performance in the new financial year. The Group will continue to remain focused in its effort on customer relationship building, service customers by delivering innovative total solution in quality products and services and improve operational efficiencies with the objective to maximise shareholders' value.

## Dividends

The Board has declared and paid a first single tier interim dividend of 1.5 sen (FYE 2017: 1.5 sen) per share in respect of the FYE 2018. In line with AYS's continued focus on shareholders' returns, the Board recommends a final single tier dividend of 1.0 sen (FYE 2017: 1.0 sen) per share for the FYE 2018 subject to shareholders' approval at the forthcoming Annual General Meeting. Therefore, if the final dividend is approved during the forthcoming Annual General Meeting, the total dividends for current financial year amounts to 2.5 sen per share.

## Acknowledgement

On behalf of the Board of Directors, I wish to convey my sincere appreciation and gratitude to the management team and staff for their unparalleled commitment, diligence and dedication during this challenging business environment which resulted in another successful year for the Group.

To our valued customers, suppliers, business partners and associates, financiers, regulatory authorities and all other stakeholders, we wish to extend our sincere thanks for your continuous support and confidence in us.

To all our shareholders, we express our gratitude for your continuous loyalty, trust and unwavering support. We look forward to journeying with you as we continue to maximise shareholders' value in the years to come.

The Board would also like to welcome Dato' Wan Hashim Bin Wan Jusoh who has joined the Board on 1 December 2017 as an Independent Non-Executive Director.

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

**Haji Mohd. Sharif Bin Haji Yusof**

*Independent Non-Executive Chairman*

June 2018

# Management Discussion & Analysis

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

AYS Ventures Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad since 9 May 2012. AYS Ventures Berhad and its group of companies ("AYS" or "the Group") are principally involved in the trading and manufacturing of steel related products businesses and it consists of three divisions i.e. Trading & Services, Manufacturing and Others. The Trading & Services Division trades and markets a diverse range of steel products, construction materials and providing warehousing and storage services. The Manufacturing Division manufactures and trades pressed steel and fiberglass reinforced polyester panels and components for sectional tanks, steel purlin, IBS steel structure components and wire products. Other Division includes dormant and investment holding.

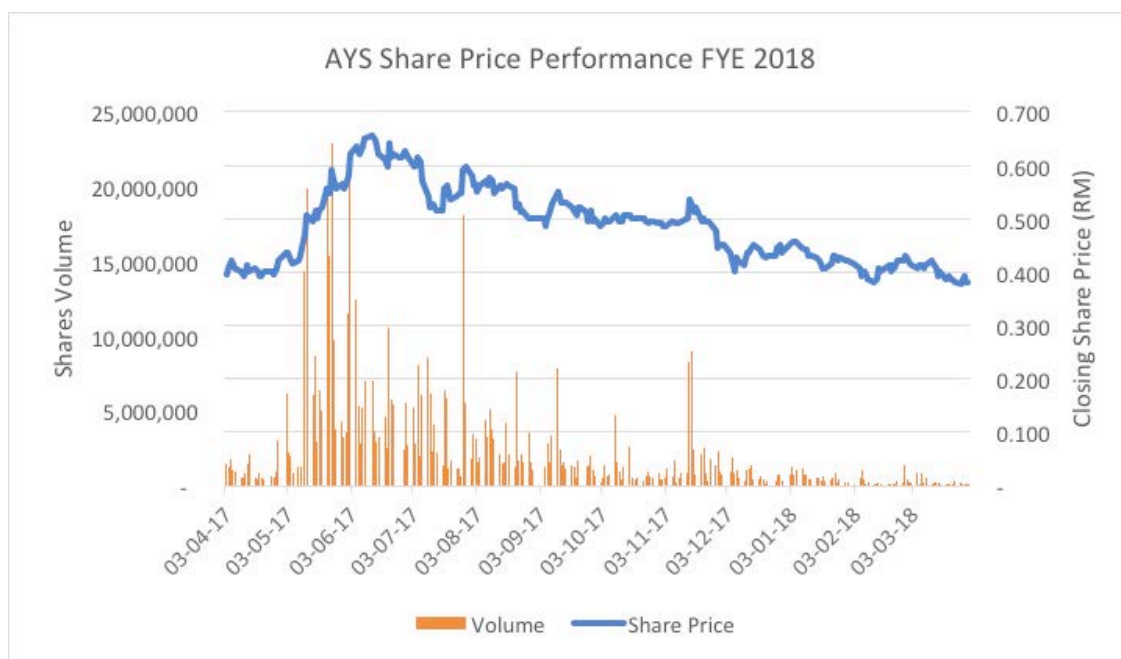
AYS has been providing reliable quality steel related products and services to various industries such as construction, engineering for heavy steel industries, fabrication, oil & gas, power plant and shipbuilding embracing more than 1,000 active customers. For more than two decades, AYS has been operating its three factories and three warehouses in three locations in Klang, Selangor, covering a combined factory and warehousing area of approximately 425,000 sq.ft. During the financial year under review, AYS has completed the construction of a covered warehouse of approximately 153,000 sq.ft. on a plot of leased land measuring 10 acres in Port Klang Free Zone ("PKFZ"). The warehousing operation in PKFZ commenced in the last quarter of the financial year 2018 which currently serves as an internal warehousing to better service its customer base. In addition, AYS targets to provide cost effective warehousing solutions to other customers outside the Group with this increased strategic warehousing area.

Additionally, in the last quarter of the financial year 2018, AYS completed its full automatic CNC structural steel facilities and has commenced the production of steel structure components ("Service Centre") in accordance with customers' designs and requirements. In order to increase operational efficiency and become more flexible and more responsive to customised and changing demands, AYS will integrate its enterprise resource planning systems with manufacturing execution system and embark on the journey towards Industry 4.0.

As at 31 March 2018, the Group has 240 employees to operate, produce and serve at the highest-level of efficiency.

The Company's share price performance in financial year ended ("FYE") 2018 is summarized as follows:

	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Market capitalization (RM'million)	106.517	117.929	98.909	108.419	146.461	144.559
Trading volume ('million)	192.157	37.454	51.931	7.314	215.652	577.773
Closing Price (RM)	0.280	0.310	0.260	0.285	0.385	0.380
Highest Closing Price (RM)	0.610	0.385	0.380	0.310	0.445	0.655
Lowest Closing Price (RM)	0.275	0.255	0.250	0.215	0.240	0.375
Dividend per Share (RM)	0.010	0.010	0.010	0.010	0.025	0.025
Basic EPS (RM)	0.026	0.034	0.018	0.022	0.073	0.062



# Management Discussion & Analysis *cont'd*

## FINANCIAL PERFORMANCE

For the FYE 2018, AYS reported a higher revenue at RM562.508 million compared to the revenue of RM530.085 million in the FYE 2017. The increase in revenue was primarily derived from the trading division, which revenue increase to RM512.845 million from that of RM474.085 million in the FYE 2017. The higher revenue in the trading division was mainly due to higher selling prices of steel products despite lower sales volume resulting from softening market demand. However, the manufacturing division showed a decrease in revenue at RM49.663 million from that of RM56.000 million in the preceding year mainly due to lower sales volume of panels and components for sectional tanks, steel purlin and wire products resulting from slowdown in the construction industry demand despite higher selling prices.

AYS recorded profit before tax of RM32.654 million in the FYE 2018 which was RM7.011 million lower than FYE 2017 of RM39.665 million resulting from higher cost of goods sold impacted by increase in purchase prices of steel products as well as higher cost of production due to lower production volume and higher finance costs.

The lower other income in the financial year under review was mainly due to the lower interest income on fixed deposits and overdue accounts, lower gain on disposal of property, plant and equipment and lower realised/unrealised gain on foreign exchange despite the reversal of previously recognised impairment loss for doubtful debts and recovery of bad debts which were written off in the previous financial years.

Selling and Distribution expenses decreased by 12.9% or RM1.263 million to RM8.553 million in the FYE 2018 from RM9.816 million in the FYE 2017 mainly due to lower transportation cost reflecting lower sales volume.

Administration expenses increased by 6.3% or RM1.491 million to RM25.237 million in the FYE 2018 from RM23.746 million in the FYE 2017 was principally due to higher staff related costs, attributable to increase number of employee head count corresponding to the completion of the warehouse in PKFZ and Service Centre beside taking into consideration the needs to offer a competitive remuneration in line with the market to reward and retain caliber employees.

Other expenses increased by 10.0% or RM0.728 million to RM8.002 million in the FYE 2018 from RM7.274 million in the FYE 2017. This was mainly due to the recognition of revaluation loss on property, plant and equipment comprising of building despite lower impairment loss on trade receivables in the current financial year. Incorporated in the other expenses consist of allowance for impairment loss on inventories of RM0.247 million.

Total finance costs increased by 13.1% or RM1.056 million to RM9.103 million in the FYE 2018 from RM8.047 million in the FYE 2017 mainly attributable to increase in borrowings by RM73.937 million from RM145.700 million as at 31 March 2017 to RM219.637 million as at 31 March 2018. At the same time, EBITDA (earnings before interest, tax, depreciation and amortization) has declined by 9.9% from RM49.154 million in FYE 2017 to RM44.295 million in FYE 2018 which was preliminary resulting from declined profits, increase in finance costs and higher capital expenditure incurred.

Share of loss of the associated company, AOK Engineering Services Sdn Bhd ("AOK") increased by 46.6% or RM0.069 million to RM0.217 million in the FYE 2018 from share of loss of RM0.148 million in the FYE 2017.

The tax expense was RM9.124 million in the FYE 2018 whereby the effective tax rate was higher than the statutory tax rate of 24% mainly due to some expenses which are not tax deductible, provision of deferred taxation, revaluation loss of property, plant and equipment comprising of building and non-available for group tax relief but the effect has been mitigated by and certain income which are not taxable and overprovision of taxation in the prior year.

The Group property, plant and equipment as at end of the FYE 2018 increased to RM108.682 million from RM79.532 million in the FYE 2017 mainly due to the revaluation on land and buildings carried out by independent professional valuer, amounting to a net revaluation gain of RM9.417 million and additional capital expenditure incurred amounting to RM25.194 million which mainly consist of an erection of a warehouse at Port Klang Free Zone, Westport, Malaysia, setting up a Service Centre and purchase of motor vehicles in connection with the company business. During the financial year under review, AYS Group has obtained approval from the banks to discharge the land and buildings as securities for banking facilities granted to the Group.

The Group investment properties increased to RM24.487 million as at end of the FYE 2018 mainly due to inclusion of a unit of 4-storey shop office at Maha City, Langkawi and capital work in progress of a unit of 1½-storey detached factory at i-Park@Senai Airport City, Senai, Johor. In addition, the land and buildings were annually measured at fair values and the gain resulting from the change in the fair value amounted to RM0.154 million was recognised during the financial year.

There was an increase in the inventories to RM217.740 million or inventory turnover of 165 days compared to the last financial year end inventories of RM155.111 million or inventory turnover of 127 days. The higher inventory turnover reflected higher purchase of steel products and goods in transit, nonetheless, AYS always ensure that optimal and sustainable inventory levels are maintained conforming to trade-cycle for timely deliveries to customers.

AYS's trade receivable was at RM153.466 million or turnover of 100 days as compared to RM122.456 million or turnover of 84 days as at the end of FYE 2017. The higher trade receivable value and turnover days were due to higher sales in the fourth quarter of the current financial year and higher trade receivables of approximately RM83.193 million (FYE 2017: approximately RM57.000 million) that are past due and they are regular and credit worthy customers with good payment records.

The Group's liquidity remained positive and healthy in the financial year with current and quick ratios at 1.50 and 0.70 compared to 1.81 and 0.97 respectively in FYE 2017. The declined in ratio was mainly attributable to higher working capital resulted from higher inventories holding and capital expenditure incurred, lower cash receipts from customers and payment to vendors. The cash and cash equivalents at end of current financial year amounted to RM28.630 million, an increase of RM2.891 million from FYE 2017 mainly attributed to the release of pledged fixed deposits as securities for banking facilities granted by licensed banks to the Group. The cash of the Group have been carefully managed to ensure that all the financial needs of the Group for its operations and investments are adequately met.

The trade payables increased to RM38.650 million or turnover of 29 days as compared to RM28.355 million or turnover of 23 days as at the end of FYE 2017 mainly due to accounting treatment to recognise the liability under letter of credit for goods in transit. The Group's current bank borrowings was at RM217.839 million as compared to RM142.832 million as at the end of FYE 2017, 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 0.84 times and 0.73 times respectively as at the end of FYE 2018 as compared to 0.61 times and 0.43 times respectively as at the end of FYE 2017. The higher net trade payables and current bank borrowings were mainly attributable to the higher purchase of steel products.

Total equity increased by 10.3% to RM262.400 million as at the end of FYE 2018 from RM237.902 million as at the end of FYE 2017, mainly attributable to profits made in the FYE 2018 and was offset by dividends paid to shareholders.

## REVIEW OF OPERATING ACTIVITIES

Protectionism by tariff or non-tariff means on global steel trading activities are still prominent during the reporting period and these measures do manage to regulate trading activities to avoid unhealthy competition. With due regard to the Chinese authority whom has responded positively to the global safeguard measures and consistently implementing industrial policies in the steel sector that has positive effect in contributing to the sustainable development of the steel industry. Their continuous effort in elimination of the so called "unlabeled steel" production and improve environmental compliance of the steel plant had contributed most to reduce over production and stabilize steel prices. Together with China's sustainable economic growth and stability, the steel demand and price will be sustained at current level and probably just fluctuating within close range.

AYS's continuous effort in implementing integrated management system ("IMS") work culture has started to bear fruit in enhancement of operational efficiency. The Group managed to rationalise the stock inventory as well as focus on supply chain management has effectively improved efficiency in financial resources allocation. AYS's proactive management on the exchange rate has minimised the exposure on exchange fluctuation. The Group's sales team continued to excel on customer service has successfully won confidence from its valued customers. The administrative and logistic staffs adhere to the effective operation module to keep the most efficient routine in the day to day operation. AYS expects the IMS initiative will continue to change its work culture guided with excellent objectives and shall continue to improve efficiency on cost control which eventually will reflect positively on the Group's performance.

To counter the competitive landscape in the steel trade, AYS has implemented strategy to drive its business model towards a more service inclined orientation. AYS intends to develop stronger collaboration with customers and develop long term partnership to enable better forecast on product mix in the inventory hence enable faster stock turnover. AYS's Service Centre which targeted to assist its valued customers on cost saving and faster delivery is now in operation. The Group can now provide engineering services and act as a one stop center for customer's need with minimum labor requirement. With the new Service Centre in place, we shall be developing the steel IBS system that is in line with the objective of the Malaysia Government in promoting industrialised building system and eventually generate new income stream for the Group.

Our associate company, AOK Engineering Services Sdn Bhd continues to gain valuable experience on steel construction building information modelling ("BIM") from Japan market. The Group is now ready to share this experience with the Malaysian counterpart in promoting BIM in steel construction. AYS has successfully tested the BIM module application using the Service Centre and demonstrates the benefits in helping to improve efficiency in steel fabrication process. The Group shall continue to share its valuable experience in this area to assist its valued customers in transforming the steel construction sector.

The Group has started to work on new initiative on Group Sales and Marketing by consolidating resources to improve its customer service. The Group marketing platform will be a locus for developing product knowledge and marketing strategy to position AYS in the new frontiers. AYS shall ensure its sales team fully equipped with knowledge to market all products manufactured by its subsidiaries and able to show a strong presence in the construction industry to fully manage the entire construction supply chain.

For long term market development, AYS believes in engaging the new generation and instill knowledge of steel construction during their tertiary education. As part of AYS's strategy on sustainable development, AYS continue to sponsor Open Idea Competition organized by Malaysia Structural Steel Association to encourage University students to participate in design competition using steel as main construction material. AYS shall continue to participate and promote steel construction and believe this effort will establish fruitful future business to AYS.

# Management Discussion & Analysis *cont'd*

## ANTICIPATED OR KNOWN RISKS

The steel trading business is volatile and challenging. Fluctuations in the global commodities prices and unpredictable political atmosphere worldwide has strong influences on business confidence and consumer sentiments. Recent implementation of import duties by US government on steel product imports into USA and the retaliation action from Chinese government could have significant impact if not handled correctly. AYS shall monitor closely on the development on the international arena on factors that can contribute to price fluctuation to avoid damaging effect on business.

Domestically, AYS is optimistic of the opportunities in the domestic market and the overall positive outlook of the Malaysian growth plan. The rollout of mega transportation infrastructure projects such as MRT 2, LRT 3, Double track southern extension and the continuity of RAPID in Pengerang projects are of high steel content projects that will benefit the steel trade industry.

The strength of Ringgit is a critical operation risk and it is a key factor that the Group needs to track closely. It affects the landed cost of the imported materials and determine the competitiveness. Hence monitoring of Ringgit strength and international commodities price movement is a prerequisite to plan the Group's procurement exercise in order keep the best price average strategy on the cost of material.

AYS maintains its credit sensitivity as credit exposure is another business risk that need to be managed carefully. Both under exposure or over exposure will affect the Group's bottom line and AYS needs to strike a balance to keep a healthy operational environment. AYS always maintain a strong credit control function to monitor the exposure and work hand in hand with the sales team to ensure healthy collection on daily basis.

## BUSINESS OUTLOOK & PROSPECT

The business environment for the steel industry looks promising in the financial year 2019. From the international supply aspect, AYS believes supply will be stable despite the sizeable capacity cuts announced by the Chinese Government which indeed helps to stabilise steel prices.

On the steel consumer aspect, the well-being of domestic construction industry and its positive outlook with the recent takeoff of mega infrastructure projects, AYS expects its performance will remain positive in the financial year 2019. Together with the added services from the Service Centre bundling with other inhouse steel products, AYS should be ready for more challenging opportunities and embark on a stronger growth path. The Group shall continue to develop the concept of one stop center for construction solutions and transforming AYS to be the preferred building partner in the construction industry.

On the regional market, AYS is also expecting a better business environment due to global optimism in economic activities. AYS have plans in place to take on the regional market more aggressively.

## DIVIDEND

AYS has been consistently paid dividends to its shareholders while mindful to strike a balance to ensure shareholders have fair and equitable return of investment and allocate funds for future operational working capital requirements and expansion opportunities. For the past five financial years, AYS has paid out dividend totalling 6.5 sen per share. During the FYE 2018, AYS has declared and paid a first single tier interim dividend of 1.5 sen per share amounting RM5.706 million. In addition, the Board has recommended a final single tier dividend of 1.0 sen per share for the FYE 2018 subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"). If the final dividend is approved during the forthcoming AGM, this brings the total pay-out for the financial year under review to 2.5 sen equivalent to RM9.510 million, or a net dividend pay-out ratio of 40.5%.



# 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 2018 (“financial year 2018”), 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 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 Chief Executive Officer (“CEO”) 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 Group Managing Director are segregated. The Chairman is primarily responsible for the proper conduct and working of the Board whilst the Group Managing Director 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 CEO/Group Managing Director 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 Group Managing Director. The details of these responsibilities are set out in the Board Charter.

# Corporate Governance Overview Statement *cont'd*

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 provides 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 (1) 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 38 to 79 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 2018, 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 four (4) Board of Directors' Meetings held during the financial year ended 31 March 2018. 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	4/4	100
Oh Chiew Ho	4/4	100
Oh Yung Sim	4/4	100
Oh Pooi Foon	4/4	100
Toh Tuan Sun	4/4	100
Tay Kim Chuan	4/4	100
Seow Nyoke Yoong	4/4	100
Mohamad Fazlin Bin Mohamad	4/4	100
Dato' Wan Hashim Bin Wan Jusoh (appointed on 1 December 2017)	1/1	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.

# Corporate Governance Overview Statement *cont'd*

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 following Directors have attended training courses and programmes during the financial year.

DIRECTOR	TRAINING ATTENDED	DATE
Haji Mohd. Sharif Bin Haji Yusof	Building a High Performance Board	21 July 2017
	Invitation to Securities Commission Malaysia's Conversation with Audit Committees	14 October 2017
Oh Chiew Ho	Building a High Performance Board	21 July 2017
Oh Yung Sim	Changes affecting directors under the Companies Act 2016: What Every Director Needs to Know	22 June 2017
	Intelligent Steel Fabrication -The Path towards Fabrication 4.0	19 July 2017
	Building a High Performance Board	21 July 2017
Oh Pooi Foon	Building a High Performance Board	21 July 2017
Toh Tuan Sun	Changes affecting directors under the Companies Act 2016: What Every Director Needs to Know	22 June 2017
	Building a High Performance Board	21 July 2017
Tay Kim Chuan	Board Excellence: How to Engage & enthuse Beyond Compliance with Sustainability	17 July 2017
	Building a High Performance Board	21 July 2017
	Advocacy Session on Corporate Disclosure for Directors & Principal Officers of Listed Issuers: (i) Corporate Disclosure Framework (ii) Directors Disclosure Obligations Under the Listing Requirements	27 September 2017
	Malaysian Code of Corporate Governance 2017 & Sustainability Reporting	10 October 2017
Seow Nyoke Yoong	Building a High Performance Board	21 July 2017
Mohamad Fazlin Bin Mohamad	Building a High Performance Board	21 July 2017
Dato' Wan Hashim Bin Wan Jusoh	Mandatory Accreditation Programme	29-30 January 2018

## Directors' Remuneration

The Remuneration Committee had been established by the Board comprised 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 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 2018 to review the fees, allowance and remuneration package as well as the annual bonuses and increments for the directors.

Details of Directors' remuneration for the financial year ended 31 March 2018 are set out as below:

Company level

	DIRECTORS' FEES	MEETING AND OTHER ALLOWANCES	SALARIES AND OTHER EMOLUMENTS	BENEFITS-IN KIND	TOTAL
DIRECTORS	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Haji Mohd. Sharif Bin Haji Yusof	85	2	-	-	87
Seow Nyoke Yoong	85	2	-	-	87
Mohamad Fazlin Bin Mohamad	79	2	-	-	81
Dato' Wan Hashim Bin Wan Jusoh	23	1	-	-	24
Oh Chiew Ho	36	-	-	-	36
Toh Tuan Sun	36	-	-	-	36
Oh Yung Sim	36	-	-	-	36
Oh Pooi Foon	36	-	-	-	36
Tay Kim Chuan	36	-	-	-	36
	452	7	-	-	459

Group level

	DIRECTORS' FEES	MEETING AND OTHER ALLOWANCES	SALARIES AND OTHER EMOLUMENTS	BENEFITS-IN KIND	TOTAL
DIRECTORS	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Haji Mohd. Sharif Bin Haji Yusof	85	2	-	-	87
Seow Nyoke Yoong	85	2	-	-	87
Mohamad Fazlin Bin Mohamad	79	2	-	-	81
Dato' Wan Hashim Bin Wan Jusoh	23	1	-	-	24
Oh Chiew Ho	36	-	3,395	27	3,458
Toh Tuan Sun	36	-	1,381	17	1,434
Oh Yung Sim	36	-	809	24	869
Oh Pooi Foon	36	-	772	24	832
Tay Kim Chuan	36	-	577	23	636
	452	7	6,934	115	7,508

Pratice 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 6 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 Pratice.



# Corporate Governance Overview Statement *cont'd*

## 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 that the Audit Committee Chairman should not be the Board Chairman, the Board has during the financial year 2018 changed the Chairman of the Audit Committee from Haji Mohd. Sharif Bin Haji Yusof to Mohamad Fazlin Bin Mohamad.

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 2019.

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 2018, 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 2017, 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 2018, 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 (appointed on 1 December 2017)	1/1

## 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 2018, 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 2017 prior to submission to the Board of Directors for consideration and approval;
- Reviewed the external auditors' report on the Statement on Risk Management and Internal Control ("SRMIC") in respect of the financial year ended 31 March 2017 prior to submission of the Board of Directors for consideration and approval;
- Reviewed the Committee's report in respect of the financial year ended 31 March 2017 prior to submission of the Board of Directors for consideration and approval;
- Reviewed and approved the Audit Planning Memorandum;
- 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 performance of the Group; and
- Reviewed the competency and effectiveness of the internal auditors.

## Internal Audit Function

The Company'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 ("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 2017/2018 was tabled and approved. The four main areas identified for review encompassed the following:

- (1) Property, Plant and Equipment
- (2) Human Resource Management
- (3) Logistic Function (in-house)
- (4) Customer Service Function and Logistic Function

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 2018, an amount of RM180,922 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.
- 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 three times during the financial year ended 31 March 2018.

## ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2018, 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;
- discussed and recommended the re-election/re-appointment of retiring Directors; and
- recommended to the Board, the candidate to fill the seat on the Board.

The Nomination Committee upon its annual assessment carried out for financial year 2018, 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 2018 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 report 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 financial year ended 31 March 2018. 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 22 May 2018.



# Sustainability Statement

## About this Statement

We proudly present AYS Ventures Berhad's ("AYS" or "the Group") inaugural sustainability statement for financial year ("FY") 2018 in line with Bursa Malaysia Securities Berhad ("Bursa Malaysia") sustainability reporting requirements. The format and content of our statement is tailored using the Global Reporting Initiative ("GRI") G4 Guidelines, which provides a systematic and comprehensive breakdown of economic, environmental and social ("EES") risks and opportunities that influence the sustainability performance of the Group.

## Scope and Boundary

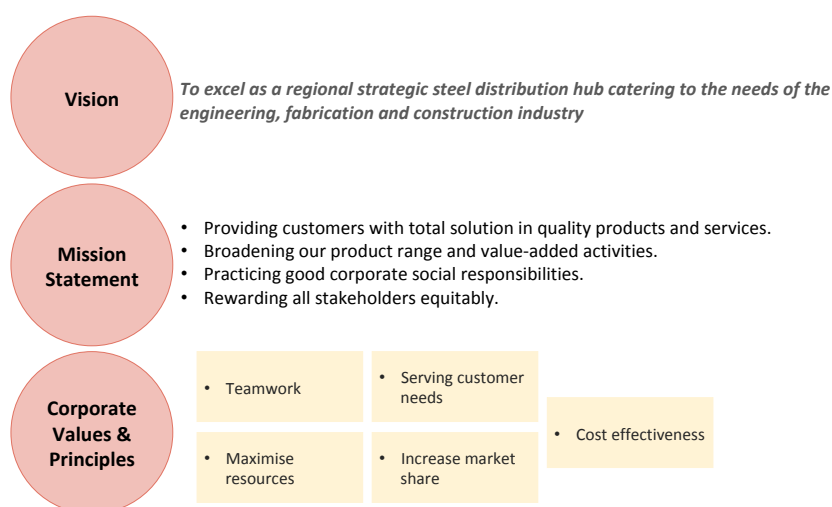
The scope of this statement covers our manufacturing and trading divisions, both of which are the main revenue generating divisions of our business operations. Founded in 1982, we commenced our trading business as a stockist and distributor of various construction materials and steel products. As we expanded to add manufacturing to our business portfolio, we successfully evolved into becoming one of Malaysia's main steel traders that currently specialises in structural steel products.

The qualitative and quantitative information disclosed in this statement will cover the following subsidiaries:

- Ann Yak Siong Hardware Sdn Bhd ("AYSH")
- AYS Marketing Sdn Bhd ("AYSM")
- AYS Metal Products & Engineering Sdn Bhd ("AYSMPE")
- AYS Wire Products Sdn Bhd ("AYSWP")
- CH Yodoform Sdn Bhd ("CHY")

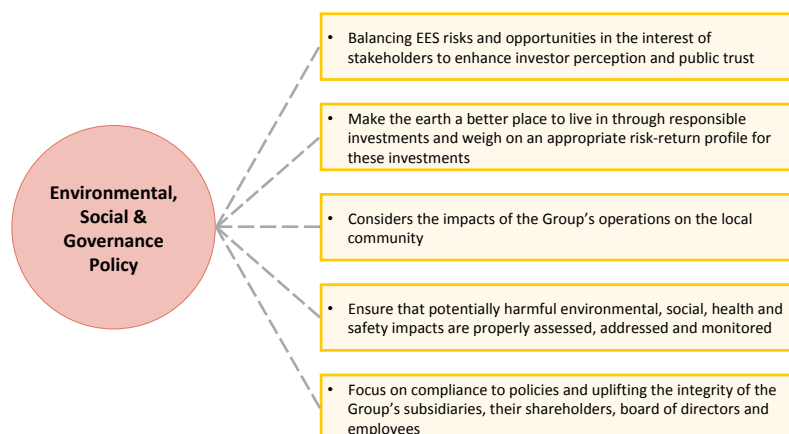
## Sustainability Principles

Our sustainability principles are shaped through the Group's vision and mission. The corporate values and principles further showcases our commitment to catering to the needs of our customers while ensuring that our product value and market shares remain competitive in the trading and manufacturing industry for steel and construction materials.



Building from the Group's core views and aspirations, we formulated an Environmental, Social and Governance ("ESG") Policy that represents our efforts to address our EES risks and opportunities as part of our sustainability initiative. The policy considers the interests of our stakeholders, adopts a strategic approach that provides support and empowerment to local communities, advocates protection of our surrounding environment while creating a successful business value chain.

To excel and become a recognised manufacturer and distributor, our overall goal is to meet the mission statements the Group had pledged to. Through these goals, several key criteria have been incorporated into our ESG Policy, guiding the Group towards sustainable practices as listed below. Further details of our ESG policy can be found on our corporate website.

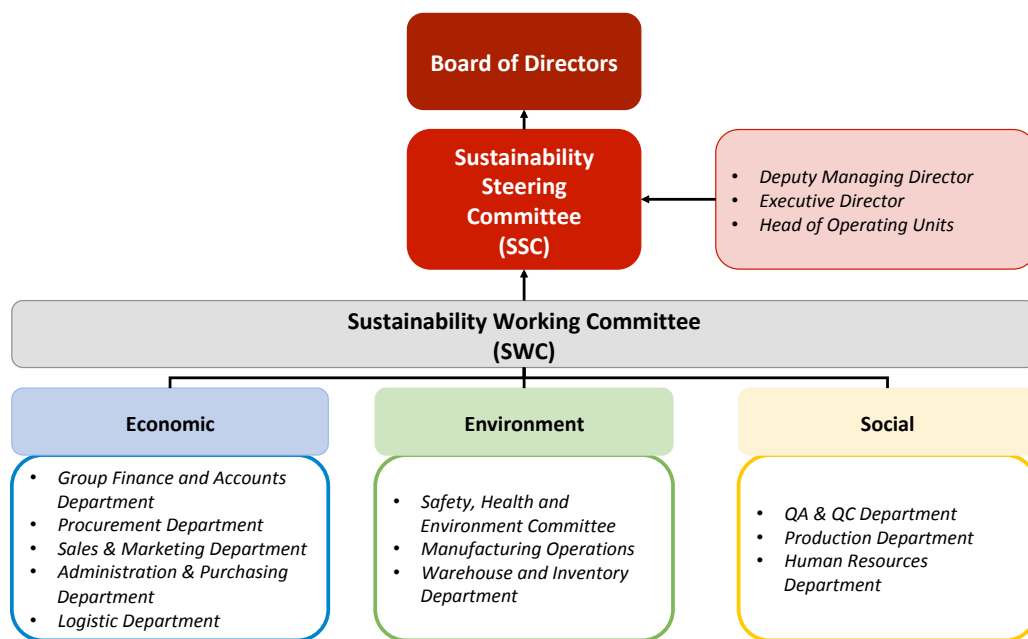


# Sustainability Statement *cont'd*

## Sustainability Governance

To achieve our goals and aspirations to become a sustainable organisation, we focus our efforts on creating a governing system that will manage our sustainability efforts applied across the Group. With the Board of Directors at the apex, we formulated a two-tiered governance structure that consists of the Sustainability Steering Committee (“SSC”) and Sustainability Working Committee (“SWC”), both of which will be directly involved in managing the Group’s sustainability efforts.

The roles and responsibilities undertaken by the SSC and SWC ensures that we continue towards our goal to achieve business sustainability while safeguarding the environment and benefiting the society. The SSC is represented by Deputy Managing Director, Executive Director and Head of Operating Units, while the SWC is made up of Managers or Head of Departments from each of the Group’s business division to represent our organisation.



## Roles and Responsibilities:



## Engaging with Our Stakeholders

Effective stakeholder communication is an essential aspect that contributes towards sustainable business growth and success. By establishing open communication and opportunities to collaborate with our stakeholders, we promote transparency and accountability at the Group, therefore enhancing the level of trust from our stakeholders.

We present our engagement method in an organised and detailed manner in the table as below. The engagement method we practice outlines the areas of interest each stakeholder would have on our business operations and how we address these interests to maintain effective communication and engagement with our stakeholders.

Stakeholder Engagement	Stakeholder	Areas of Interest	Methods of Engagement
	Investors	<ul style="list-style-type: none"> <li>Group financial performance</li> <li>High financial returns</li> <li>Good corporate governance</li> <li>Dividend policy</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Annual reports</li> <li>Company's website</li> <li>Press release</li> </ul>
	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>	<ul style="list-style-type: none"> <li>Regular client meetings</li> <li>Feedback sessions</li> <li>Satisfaction surveys</li> <li>Community and networking events</li> </ul>
	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>	<ul style="list-style-type: none"> <li>Circulation of internal policies</li> <li>Management meetings</li> <li>Staff appraisals</li> </ul>
	Suppliers and Vendors	<ul style="list-style-type: none"> <li>Transparent procurement practices</li> <li>Payment schedule</li> <li>Pricing of services</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation and performance reviews</li> <li>Contract negotiation</li> <li>Vendor registration</li> </ul>
	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>	<ul style="list-style-type: none"> <li>Inspections/audits by local authority</li> <li>Compliance with all relevant regulatory requirement</li> <li>Regular meetings with regulators</li> </ul>
	Local Communities	<ul style="list-style-type: none"> <li>Social issues</li> <li>Impact of business operations</li> <li>Environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Corporate Social Responsibility (CSR) Programmes</li> </ul>

# Sustainability Statement *cont'd*

## Materiality Matrix

To further our commitment to sustainable development, we conducted a materiality assessment to identify EES risks and opportunities that influences our business operations as well as our stakeholders.

The assessment also facilitates prioritisation efforts of the material sustainability matters that the sustainability committee has selected and agreed upon. Through a sequence of systematic steps presented below, we produced our materiality matrix that comprehensively illustrates the degree of importance each material sustainability matters have on our business operations and our stakeholders.



The materiality matrix presented below illustrates the Group's material sustainability matters, classified by EES indicators based on the level of importance to our business operations as well as to our stakeholders.

