

AYS VENTURES BERHAD

Registration No. 201001041243 (925171-T)

Minutes of the Thirteenth Annual General Meeting

APPENDIX A**RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDERS WATCH GROUP**

No.	Questions	Response
1.	According to the World Steel Association, the global demand is set to rebound by 1.7% in 2024 (Page 22 of AR2024). Based on this, will AYS be able to maintain its revenue above the RM1 billion mark in FYE2025? If not, why?	With the presence of a strong workforce in AYS, the commitment from the Government through supportive policy measures, and the ongoing influx of foreign direct investment, we are confident that AYS can sustain its revenue growth above RM1 billion mark in FYE2025. However, several factors including but not limited to regional market conditions, competition dynamics, exchange rates fluctuations and supply chain reliability, will influence stability and costs.
2.	<p>The Group recorded a single-digit year-on-year gross profit margin (GPM) of 9.75% (RM125,652,000/RM1,289,239,000 X 100) in FYE2024 from a double-digit GPM of 11.17% (RM146,686,000/RM1,313,765,000 X 100) in FYE2023 (Page 103 of AR2024).</p> <p>What is the strategy for AYS to improve its overall GPM level via its various steel product offerings to customers, and how likely for it to recapture the previous double-digit GPM level in FYE2025?</p>	<p>Apart from distributing various structural steel and building materials, AYS is strategically shifting its business model to a One-Stop Solution-Based Steel Distribution and Service Centre. This includes offering value-added services such as customised steel solutions, supply chain management and technical consultancy to differentiate our offerings and cater to the engineering, energy and construction industries. Furthermore, AYS will continue to enhance its customer engagement and satisfaction through tailored solutions, improved service delivery and responsive after-sales support to drive repeat business and customer loyalty.</p> <p>In FYE2024, we were awarded and tendered several solution-based project management contracts. These involve sourcing and procuring all steel materials, overseeing steel fabrication, managing inbound cargos, providing value-added solutions and supply consumables, labour, tools and equipment. These contracts typically command premium pricing. In FY 2025, we will continue actively pursue tendering solution-based project management contracts.</p> <p>However, with the presence of China's main contractors and steel fabricators have disrupted the local market by securing several projects through direct fabricated steel imports from China. Consequently, we have experienced margin compression. To address this, we will focus on becoming more solution-based providers to strengthen our presence and differentiate our market position.</p>

AYS VENTURES BERHAD

Registration No. 201001041243 (925171-T)

Minutes of the Thirteenth Annual General Meeting [Cont'd]

No.	Questions	Response
3(a).	<p>In FYE2024, it has been an honour for AYS to be a part of the supply chain for several significant international projects as well as local endeavours in Malaysia and Singapore (Page 23 of AR2024).</p> <p>With the inclusion of several international projects in FYE2024, what is AYS's current market share in this business segment?</p>	<p>At present, the precise market share figures are not available. However, AYS's participation in these projects underscores our expanding presence and competitive capabilities in securing larger share of the construction projects in the market.</p>
3(b).	<p>Is the Group expecting to be part of or awarded other supply chain management contracts in Malaysia and overseas in FYE2025? If so, what are those potential contracts / projects?</p>	<p>We are actively pursuing several potential solution-based contracts and projects that align with our latest business model. While we cannot disclose specific details due to confidentiality agreements, we are confident that these opportunities have the potential to significantly contribute to our bottom lines and further strengthen our market position.</p>
4.	<p>The division aims to embrace digitalisation, streamline processes, enhance communication, foster a culture of continuous improvement, and prioritise data-driven decision-making to increase productivity and performance (Page 24 of AR2024).</p> <p>(a) Has the division commenced the abovementioned initiatives? If so, what is the progress of these?</p> <p>(b) What is the estimated total cost for this initiative?</p> <p>(c) Are these initiatives expected to deliver cost-saving outcomes? If so, what is the expected annual cost saving?</p>	<p>Yes, the division has commenced several initiatives outlined in the AR2024. Since launching our initiatives with a total investment of more than RM400,000.00, we have made significant strides.</p> <p>We have successfully established a centralised system across our key operating entities to consolidate data, enabling efficient and accurate reporting. We have also migrated our existing on-premise email server to online cloud services to enhance productivity and streamline workflows. In addition, we have implemented chatbot services for inquiries to revolutionise our customer interaction methods.</p> <p>Regarding data-driven decision-making, efforts are underway to develop a new digital platform for real-time monitoring of equipment, supply chain management and finances to make sound decisions.</p> <p>These initiatives are expected to yield considerable cost reductions and efficiency improvements across several key areas. While exact figures are still in the process of gathering and analysing the data, we are actively collaborating with our analytics teams to accurately quantify these anticipated savings.</p>

AYS VENTURES BERHAD

Registration No. 201001041243 (925171-T)

Minutes of the Thirteenth Annual General Meeting [Cont'd]

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5.	What is the current and targeted utilisation rate for the Group's factory for FYE2025?	<p>The optimum capacity of the purlin plant and service centre are at 66.67% and 83.3% respectively of the designed production capacity.</p> <p>The current and the targeted utilisation rate for the purlin plant are around the optimum capacity and the service centre plant are at around 40% - 50% of the optimum capacity.</p>
6.	<p>The division will be introducing new manufacturing products to capture new customer segments. The new manufacturing line is scheduled to commence operations in the third quarter of 2024.</p> <p>(a) What sort of new manufacturing products does the division intend to introduce? Can these new products command a good margin? What are the targeted customer segments for these new products?</p> <p>(b) Is the commencement target period for the new manufacturing line on schedule? How much does it cost the division to set up this new line?</p>	<p>The division plans to introduce CHY TRUSS DECK system – an innovative product for slab construction, as part of its new manufacturing products under CHY Building Solutions Sdn Bhd (formerly known as CH Yodoform Trading Sdn Bhd) ("CHYBS"). CHY TRUSS DECK is an integrated prefabricated slab structure system that supports in-situ slab construction.</p> <p>CHYBS will be the pioneer manufacturer of Truss Deck in Malaysia. Hence, this product is anticipated to offer favourable margin given its specialised construction and efficiency benefits in building projects. The targeted customer segments include engineering and construction industries.</p> <p>We have formed strategic alliances with a total investment of approximately RM3.5 million. The commencement of the CHY TRUSS DECK production line is currently on schedule and is expected to commence operations in September 2024.</p>
7(a).	<p>The Group's Loss Time Injuries (LTI) and Lost Time Injury Frequency Rate (LTIFR) performance is as follows:</p> <p>To further safeguard the public and the Group's employees from any health and safety hazards associated with its activities, it is doubling its efforts to decrease both LTI and LTIFR as part of its ongoing safety improvement initiatives and engagement programmes (Page 57 of AR2024).</p> <p>There was a sharp increase in LTI and LTIFR in FY 2024 compared to previous years. What contributed to such an increase, and what is the nature of the incidences reported?</p>	<p>The notable increase in LTI and LTIFR in FY 2024 was primarily attributed to two workplace incidents where the affected employees were granted extended medical leave by medical practitioners to ensure full recovery.</p> <p>These incidents resulted in a cumulative 267 days of medical leave, corresponding to a LTI of 2,136 hours, which represents approximately 75.85% of the total LTI recorded for FYE2024.</p> <p>We have identified the root causes of these incidents and have implemented a series of strategies to mitigate potential Occupational Health and Safety ("OSH") risks and hazards across the Group.</p>

AYS VENTURES BERHAD

Registration No. 201001041243 (925171-T)

Minutes of the Thirteenth Annual General Meeting [Cont'd]

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7(b).	What lessons have been learned to reduce such incidents? What are the current efforts being taken to decrease LTI and LTIFR, and its progress?	<p>AYS is always committed to continuously enhancing the safety awareness and implementing stringent safety precautions in the workplace as key measures to reduce such incidents. Hence, we are committed to undertaking the following initiatives to reduce both LTI and LTIFR:</p> <table><tr><th>No.</th><th>Initiatives</th><th>Progress</th></tr><tr><td>1</td><td>Appoint OSH Coordinators for every site to improve and monitor compliance of safety procedures, identify potential hazards at workplace and prevent job activities which are not compliance to the SOPs. The OSH Coordinators will also report any unsafe acts or conditions at workplace that could contribute to accidents.</td><td>A total of six employees attended and completed the OSH Coordinator training with certification in April and June 2024.</td></tr><tr><td>2</td><td>Provide and display additional Safe Work Instructions at workplace to remind workers to adhere to the safety procedures while performing their tasks.</td><td>On-going</td></tr><tr><td>3</td><td>Provide and implement refresher training on Safe Work Instructions to all workers.</td><td>On-going</td></tr><tr><td>4</td><td>Provide comprehensive Hazard Identification, Risk Assessment and Determining Control (HIRADC) training to the entire HIRADC team.</td><td>On-going</td></tr></table>	No.	Initiatives	Progress	1	Appoint OSH Coordinators for every site to improve and monitor compliance of safety procedures, identify potential hazards at workplace and prevent job activities which are not compliance to the SOPs. The OSH Coordinators will also report any unsafe acts or conditions at workplace that could contribute to accidents.	A total of six employees attended and completed the OSH Coordinator training with certification in April and June 2024.	2	Provide and display additional Safe Work Instructions at workplace to remind workers to adhere to the safety procedures while performing their tasks.	On-going	3	Provide and implement refresher training on Safe Work Instructions to all workers.	On-going	4	Provide comprehensive Hazard Identification, Risk Assessment and Determining Control (HIRADC) training to the entire HIRADC team.	On-going
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7(c).	What are the targets for LTI and LTIFR for FYE2025? Are the current efforts taken sufficient to meet the targets?	<p>AYS has always been committed to providing employees with a zero-accident workplace.</p> <p>With the current efforts we have undertaken to aim at improving workplace safety, we believe the measures are strategically aligned to achieve our LTI and LTIFR targets for FYE2025.</p> <table><tr><th></th><th>Target - FYE 2025</th><th>FYE 2024</th><th>Change (%)</th></tr><tr><td>LTI</td><td>1,408</td><td>2,816</td><td>50 %</td></tr><tr><td>LTIFR</td><td>1,860</td><td>3,720</td><td>50 %</td></tr></table>		Target - FYE 2025	FYE 2024	Change (%)	LTI	1,408	2,816	50 %	LTIFR	1,860	3,720	50 %			
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8.	The Group has not subjected its Sustainability Statement to internal review by the internal auditors or external assurance by independent parties (Pages 44- 69 of AR2024). Will the Group do so in the next reporting cycle?	The sustainability matters and indicators appeared in the Sustainability Performance Report on page 69 of AYS's AR2024 was reviewed by our in-house internal auditors. However, the Sustainability Statement (Pages 44- 69 of AR2024) has not undergone external assurance by independent parties. The Group has not set any timeframe for implementing external assurance processes, we will continue with our current practice of internal assurance to maintain the credibility and transparency of our sustainability statement.															
9.	<p>Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG) states that at least half of the board comprises independent directors.</p> <p>The Company's response: Departure (Page 18 of CG Report 2024).</p> <p>Does the Company intend to apply this Practice 5.2? If so, what are the</p>	We wish to highlight that since the listing of AYS Ventures Berhad in 2013 up to the year 2023, the Board has had 50% or more independent directors. The Company had refreshed its independent directors in 2023 in line with the requirements of the Listing Requirements. In the latest discussion of the Nomination Committee/Board on the application of this Practice 5.2, the following were noted:															

AYS VENTURES BERHAD

Registration No. 201001041243 (925171-T)

Minutes of the Thirteenth Annual General Meeting [Cont'd]

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	plans and targeted timeframe to achieve this?	<p>i. The Board comprise of three executive directors and three non-executive directors (of which two are independent directors) and this board composition supports objective and independent deliberation of the Company's matters. There is due review of the matters at hand before decisions are made. The three non-executive directors allow for more effective oversight of management.</p> <p>ii. The Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights of each member of the Board. Meetings of the Board and Board Committees have always been conducted in an open and participative manner. Dissenting views are allowed to be freely expressed and thorough deliberations made on agenda matters to ensure the quality of decision-making with interested Directors abstaining from the decision-making.</p> <p>The Board views that for the time being, the intended outcome of Principle A on Board Effectiveness is still met even with the non-application of Practice 5.2. The Board has not set any timeframe to apply this best practice but will assess it on an annual basis.</p>
10.	<p>Practice 5.9 of MCGG states that the board comprises at least 30% women directors.</p> <p>The Company's response: Applied. In the financial year 2024, the Board comprises six (6) members, two (2) of whom are female Directors, representing 33% of the total Board Members (Page 25 of the CG Report 2024).</p> <p>What benefits has the Board experienced by having 33%-woman representation among its members? How have these benefits impacted the Board's performance?</p>	<p>The company has since its listing maintained the diversity of at least 30% women representation on the Board. Whilst male domination prevails in the steel industry which the Company is involved in, the Board wish to put a strong statement about the Company's willingness to seek out and take into account the views of all of its stakeholders. With different experiences and perspectives, our women Directors bring diverse knowledge and contacts to the Board. Our women Directors also exudes a "motherly caring" attitude towards the staff and community issues, allowing a soft but firm approach to the issues.</p>

APPENDIX B

RESPONSES TO LIVE QUESTIONS FROM SHAREHOLDERS

No.	Questions	Response
1.	<p>i. May I know what is the Company's future outlook; and How company strategically leverage your core competencies to pioneer new markets and technologies, ensuring sustainable growth and leadership in our industry over the next decade?</p> <p>ii. Will the Board consider giving door gift such as e-voucher or e-wallets for those participating in this AGM as a token of appreciation?</p>	<p>i. Steel demand has been impacted by high inflation and high interest rates, along with severe market volatility such as property crisis in China, sluggish consumer spending and steel overcapacity. However, steel material is not only a construction material, it is by far the most important, multi-functional and most adaptable material to meet rising social and economic welfare that serve as a backbone of developed economies.</p> <p>Even with the many challenges that we are facing, we remain positive about the company's future outlook given our current market position. In Malaysia, our federal government has allocated RM90 billion for development fund in 2024, aiming to drive industrialisation and establish Malaysia as the regional economy business hub. As for Singapore, construction demand in 2024 is projected to be around S\$32 to S\$38 billion with more private and public projects coming up. With these developments, we believe that we will be able to continue to tackle new and upcoming projects in the market.</p> <p>Strategically, to pioneer the new markets with technologies and ensure sustainable business growth to maintain our market leadership over the next decade, we have recently formed a strategic alliance with our partners to introduce a new product – CHY Truss Deck.</p> <p>This product will be rolled out to the market by September 2024 and we are the pioneer in the industry. I believe this will bring positive income to our business.</p> <p>Additionally, we have started offering our project management services to provide one-stop-solution services for our clients. Last year, we have completed a RM60 million Samsung SDI Battery Powerplant project in Seremban. This has proven that we have the talent and experience to capture more mega-projects in the market.</p> <p>We will continue to forge strategic partnerships and alliances with our business partners to access to new markets, leveraging our strength, experience and resources to be more competitive and play a strategic role in the industry.</p>

AYS VENTURES BERHAD

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No.	Questions	Response
		<p>In the next 10 years, we will continue to invest into our talent, which is our most important asset.. We can digitalise our processes, implement AI to increase operational efficiency but we still need experienced talent to understand and run the business well to develop and expand the business.</p> <p>ii. On behalf of the Board, we would like to thank all shareholders for the participation in this 13th AGM. There will be no e-vouchers or e-wallets for your participation in this AGM as we believe the presentation of dividend based on the performance of the Company is a better rewards option to our shareholders. A dividend of 1.5 sen per share has been proposed for your voting.</p>
2.	Total borrowing of AYS increase double for the last ten years. What is the plan forward? Are we going to increase, reduce or maintain the debt level?	<p>The bank borrowings of AYS have doubled for the last ten years. The increase in bank borrowings was mainly due to higher inventories and business volumes. However, the gearing ratio has maintained within an acceptable level and has improved compared to a couple of years ago. We will always monitor our bank borrowings to balance gearing with business liquidity requirements, depending on the market situation and business environment.</p> <p>To leverage our bank borrowings, we continually evaluate our inventory levels against market demand and maintain our inventory at an optimum level to achieve maximum efficiency.</p>
3.	Despite the sharp increase in LTI/LTIFR, only some (25%) of the employees attended OSH-related training. Why do not all employees participate in OSH-related training?	<p>Our OSH-related trainings are ongoing and specific to job-related tasks. The 25% participation rate is derived from the 79 employees who attended the training in FYE2024 out of a total of 310 employees at AYS. Most of the OSH-related trainings are tailored and specific to their respective core competencies, such as safety procedures training in factories and warehouses.</p> <p>As for general OSH-related training is an ongoing programme designed to create awareness of safety and health among the employees.</p> <p>We will continue to monitor the OSH-related training, with our Human Resources department planning it accordingly.</p>