



QUESTIONS RECEIVED FROM MINORITY SHAREHOLDERS WATCH GROUP

AYS VENTURES BERHAD

19 JULY 2022

**AYS received a letter dated 4 July 2022 from
Minority Shareholders Watch Group; and the following questions were raised**

Operational & Financial Matters

Question 1.

In FY2022, AYS recorded a profit after tax (PAT) of RM116,524,000 (FY2021: PAT of RM24,572,000), with all business segments reporting profitable results (Page 96 & Page 156 of the Annual Report 2022).

- (a) Is the good performance sustainable in FY2023?
- (b) What is the outlook for the financial performance of the Group's business segments in FY2023?

Answer to Question 1.

- 1(a). FY 2022 has been an exceptional year for AYS. We have achieved a remarkable profit compared to FY 2021 primarily driven by rising global steel prices throughout 2021 resulting from many factors such as supply chain disruptions and supply constrictions, inflated shipping and logistics costs, rising cost of raw materials and energy costs as well as the impact from geopolitical factors such as Russia-Ukraine war. For the FY 2023, the Board is of the view that economic conditions remain challenging and competitive, thus we may not be able to achieve the same performance result as per FY2022.
- 1(b). The outlook for the financial performance of AYS in the FY 2023 remains challenging and it depends on the performance of global and domestic economies, volatility in the markets, government's policies and initiatives and how quickly businesses can recover. Nevertheless, we cautiously optimistic that our performance in the FY 2023 will remain positive.

Operational & Financial Matters

Question 2.

There is an impairment loss on trade receivables of RM3,912,000 in FY2022 (FY2021: RM1,260,000) (Page 99 of the Annual Report 2022).

- (a) Is the amount recoverable? If so, what are the measures taken to recover the receivables?
- (b) What is the expected amount to be recovered in FY2023?

Answer to Question 2.

- 2(a). We have taken proper actions to provide doubtful debts and recognised allowance for expected credit loss on trade receivables using a provision matrix with reference to historical credit loss & 2(b). experience. We expect the amount will be recoverable but we are unable to forecast the amount at this point of time.

AYS has credit control policy and credit control teams in place to properly control and assess our credit risk on an ongoing basis.

The measures taken to recover the allowance for expected credit loss are as follow:

- (i) Initiate discussions and offer possible solutions for repayment; and
- (ii) Legal proceeding to recover the debts, if any.

Operational & Financial Matters

Question 3.

Capacity utilisation rate

- (a) What is the previous and current capacity utilisation rate for the Group's plant?
- (b) What is the targeted capacity utilisation rate that AYS expects for its plant in FY2023?

Answer to Question 3.

3. The optimum capacity of purlin plant and service centre are at 66.67% and 83.3% respectively of the designed production capacity.

The planned utilization rate for the purlin plant will be around the optimum capacity and the Service Centre plant will be around 20% - 30% of the optimum capacity.

Operational & Financial Matters

Question 4.

Moving into FY2023, the Board remains committed to transition to more effective and sustainable solutions to optimise AYS's businesses (Page 21 of the Annual Report 2022)

- (a) Please elaborate further on the commitment to transition to more effective and sustainable solutions to optimise AYS's businesses.
- (b) What specific initiatives have been taken and what is the current progress?

Answer to Question 4.

- 4(a). As Covid-19 hit the nation and the world in 2020, majority of the businesses forced to halt their business operation, especially those labour intensified sectors. AYS has not been spared as well. Hence, AYS has committed to invest more on digitalisation, to enable us to continue connecting with our employees, suppliers, customers, financiers and regulators so that we could reflect their views and values into our decision making.

Besides that, AYS strongly believes in knowledge development, where we try to encourage our employees to enroll to some trainings or courses so that they are well equipped with latest technology and knowledge.

Furthermore, AYS has acquired a piece of vacant land measuring 23.51 acres in Bukit Kerayong, Klang to allow AYS to expand its warehouse capacity and consolidate all our warehousing operations (“Warehouse Rationalisation Programme” in one single location. With this Warehouse Rationalisation Programme, we are emphasising on green building concept and improvement on operational efficiency to be more environmental friendly.

Answer to Question 4.

- 4(b). We have set aside a budget to invest and enhance the digital platforms and infrastructures. As for training and development, we have established a team to plan an effective and efficient training schedules to adapt the new normal working environment.

The new warehouse construction (Phase 1) is currently still in-progress and is expected to be completed by March 2024.

Sustainability / Economic, Social & Governance Matters

Question 5.

AYS has a holistic approach and takes courage and commitment to adhere to the Economic, Social, and Governance ("ESG") principles (Page 1 of the Annual Report 2022).

What are the ESG commitments that AYS has decided to meet in the next two financial years?

Answer to Question 5.

5. Sustainability has been a pillar of AYS' culture that we strive to achieve continuous growth and creating long-term values with stakeholders without compromising the needs of future generations.

We are still in the midst of discussing our ESG or Sustainability target(s) for next two financial years. However, we ensure that our target(s) will be all-rounder, which covers majority of stakeholders to create a sustainable future for all.

In July 2022, we have completed our renewable energy project of 125kWp Solar Panel system which will increase the usage of renewable energy.



End.

THANK YOU

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