



安裕資源有限公司

ANN JOO RESOURCES BERHAD

Registration No.: 199501041948 (371152-U)



Casting Sustainability Into Steel Business

ANNUAL REPORT 2023

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www.annjoo.com.my

28th AGM

ANNUAL GENERAL MEETING:

28th Annual General Meeting
of ANN JOO RESOURCES BERHAD

MEETING VENUE:

Virtual Meeting

DATE & TIME:

Tuesday
25 June 2024
10.30 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Lim Kiam Lam
(Group Non-Executive Chairman)

Dato' Lim Hong Thye
(Group Managing Director)

Dato' Lim Aun Chuan
(Deputy Group Managing Director)

Lim Hong Hock
(Non-Independent Non-Executive Director)

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar
(Independent Non-Executive Director)

Dato' Chan Choy Lin
(Independent Non-Executive Director)

COMPANY SECRETARIES

Lim Kam Choy
MIA 13106
SSM Practicing Certificate No. 201908002518
Wong Youn Kim
MAICSA 7018778
SSM Practicing Certificate No. 201908000410

HEAD OFFICE & REGISTERED OFFICE

Wisma Ann Joo
Lot 19391, Batu 8 ½
Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7877 0028
Fax No. : 03-7876 5381/7875 9354
Website : www.annjoo.com.my

AUDIT COMMITTEE

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar
(Chairman)
Dato' Lim Kiam Lam
Dato' Chan Choy Lin

NOMINATION COMMITTEE

Dato' Chan Choy Lin
(Chairperson)
Dato' Lim Kiam Lam
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar

REMUNERATION COMMITTEE

Dato' Chan Choy Lin
(Chairperson)
Dato' Lim Kiam Lam
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar

LONG TERM INCENTIVE PLAN COMMITTEE

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar
(Chairman)
Dato' Lim Kiam Lam
Dato' Chan Choy Lin

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad
Affin Bank Berhad
Alliance Bank Malaysia Berhad

AUDITORS

BDO PLT
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No : 03-7890 4700
Fax No : 03-7890 4670

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : ANNJOO
Stock Code : 6556

CORPORATE STRUCTURE

AS AT 23 APRIL 2024



安裕資源有限公司
ANN JOO RESOURCES BERHAD

Registration No.: 199501041948 (371152-U)

UPSTREAM STEEL DIVISION

100% Ann Joo Steel Berhad

100% Ann Joo Integrated Steel Sdn Bhd

100% AJSB Land Sdn Bhd

100% AJSB Properties Sdn Bhd

DOWNSTREAM STEEL DIVISION

100% Ann Joo Metal Sdn Bhd

100% Ann Joo Metal (Singapore) Pte Ltd

100% Anshin Steel Service Centre Sdn Bhd

100% Anshin Steel Processor Sdn Bhd

100% Saga Makmur Industri Sdn Bhd

100% IAC Infrastructure Sdn Bhd

30% Anjung Jasa Sdn Bhd

GREEN TECHNOLOGY DIVISION

100%⁽¹⁾ Ann Joo Green Energy Sdn Bhd

100% Ann Joo Solar Technology Sdn Bhd

51% AJE Best-On Sdn Bhd

51% Bumi Segar Indah Sdn Bhd

39% JANS Solar Holdings Sdn Bhd

100% JANS Solar (Nibong Tebal) Sdn Bhd

INVESTMENT HOLDING / PROPERTY MANAGEMENT

100% Ann Joo Management Services Sdn Bhd

55%⁽²⁾ Konsortia Etiqa Sdn Bhd

100% Ann Joo Trading Sdn Bhd

99.9% Perfect Channel Sdn Bhd

99.9% Perfect Wiremakers Sdn Bhd

⁽¹⁾ 100% held through Ann Joo Management Services Sdn Bhd

⁽²⁾ 4% out of the 55% is held through Ann Joo Steel Berhad

BOARD OF DIRECTORS



Seated from left to right:

Dato' Chan Choy Lin
Independent Non-Executive Director

Dato' Lim Kiam Lam
Group Non-Executive Chairman

**Tan Sri Datuk Wira Dr. Hj. Mohd Shukor
Bin Hj. Mahfar**
Independent Non-Executive Director

Standing from left to right:

Lim Hong Hock
Non-Independent Non-Executive Director

Dato' Lim Hong Thye
Group Managing Director

Dato' Lim Aun Chuan
Deputy Group Managing Director

PROFILE OF DIRECTORS



DATO' LIM KIAM LAM

Age 71, Male, Malaysian
Group Non-Executive Chairman

Date of Appointment

- 11 September 1996 – Group Executive Director
- 12 September 1996 – Group Managing Director
- 30 June 2008 – Group Executive Chairman
- 1 July 2022 – Group Non-Executive Chairman

Board Committee

- Audit Committee (Member)
- Nomination Committee (Member)
- Remuneration Committee (Member)
- Long Term Incentive Plan Committee (Member)

Dato' Lim Kiam Lam has over forty years of hands-on experience in the steel business. During his tenure as a key member of the senior management, the Group's business has grown and expanded rapidly. Dato' Lim was designated as the Group Non-Executive Chairman on 1 July 2022.

He sits on the board of several other private companies, society and associations. Besides that, he holds the position of Vice President of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor. Dato' Lim is also a Trustee of Yayasan Jasa Ann Joo since 2018.

Dato' Lim is the father to Dato' Lim Aun Chuan, the Deputy Group Managing Director of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



DATO' LIM HONG THYE

Age 49, Male, Malaysian
Group Managing Director

Date of Appointment

- 1 January 2003 – Group Executive Director
- 30 June 2008 – Group Managing Director

Dato' Lim Hong Thye joined the Company in August 2000. He was immediately seconded to the main associate of the Company, Malayawata Steel Berhad ("MYS") as Head of Finance. He was appointed to the Board of the Company on 1 January 2003 and to the Board of MYS on 15 January 2004. He was appointed as the President of MYS and was instrumented in leading the merger exercise of the Company and MYS, thus setting the foundation of transforming the Company into the leading steel company in Malaysia. He was appointed as the Group Managing Director of the Company on 30 June 2008 and under his leadership, Ann Joo Resources Berhad Group embarked its Vision 2020 to transform itself into a leading steel group in South East Asia. MYS became a 100%-owned subsidiary of the Company and the name had been changed to Ann Joo Steel Berhad ("AJSB"). The Company also started the first modern Blast Furnace in Malaysia via a Special Purpose Vehicle, Ann Joo Integrated Steel Sdn Bhd. These series of initiatives have transformed AJSB into the lowest cost steel producer in Malaysia and the Company as the largest steel company by market capitalisation in Malaysia since 2016.

In May 2018, Dato' Lim was elected as the President of Malaysian Iron and Steel Industry Federation (MISIF) for a term of three years and continues to hold the same position from 2021 to 2024. He serves as a Director from Malaysia for South East Asia Iron & Steel Institute (SEASI) and Vice President of Asean Iron and Steel Council (AISC). He also serves on the Board of Malaysia Steel Institute (MSI), a government agency under the Ministry of International Trade and Industry (MITI) (now known as Ministry of Investment, Trade and Industry) overseeing the development of steel industry in Malaysia. He also sits on the board of several private limited companies.

Besides that, Dato' Lim is also active in social and charity works. He is a Trustee of Yayasan Jasa Ann Joo since 2018. He holds the position of Chairman of the Jabatan Kerja Kemajuan Sekolah-Sekolah Rendah Cina, Subang Jaya and the Chairman of Board of Governors of Sekolah Rendah Jenis Kebangsaan (C) Lick Hung. He is also a member of the Board of Governors of Sekolah Menengah Jenis Kebangsaan Katholik, Petaling Jaya. In December 2021, he was appointed as a Council Member of the United Chinese School Committees'

Association of Selangor and Wilayah Persekutuan Kuala Lumpur. He is currently also a Council Member of the Federation of Malaysian Manufacturers (FMM).

Dato' Lim holds a Bachelor of Commerce (Accounting and Finance) from The University of Melbourne. He is a Fellow member of CPA Australia (FCPA) and a Chartered Accountant of The Malaysian Institute of Accountants (MIA). Prior to joining the Company, he was with the Assurance & Advisory Service Unit of Price Waterhouse and PriceWaterhouseCoopers.

Dato' Lim is the son to the major shareholder, Mr Lim Seng Qwee and the brother to the Non-Independent Non-Executive Director, Mr Lim Hong Hock. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



DATO' LIM AUN CHUAN

Age 46, Male, Malaysian
Deputy Group Managing Director

Date of Appointment

- 1 July 2015 – Executive Director
- 1 January 2016 – Group Executive Director
- 1 March 2022 – Deputy Group Managing Director

Dato' Lim Aun Chuan started his career with Ann Joo Group as a management trainee in 2000 and served as the Business Development Executive for Anshin Steel Industries Sdn Bhd ("ASI") (now known as Ann Joo Green Energy Sdn Bhd) in 2001. Dato' Lim was seconded to Anshin Steel Processor Sdn Bhd ("ASP") in the following year as its Operations Manager and progressed to become the General Manager and then, Executive Director in 2004. In the same year, he also served on the Board of the Group's subsidiaries and then in 2008, was made the Head of Strategic Business Unit 4 of the Group. Dato' Lim continues to assume a key role in the subsidiary companies of Ann Joo Group, namely Managing Director of ASP, Saga Makmur Industri Sdn Bhd and Executive Director of ASI. Following the restructuring of Ann Joo Group in 2010,

Dato' Lim was made the Commercial Director for Trading Division (now known as Downstream Steel Division) before moving to assume the role of Managing Director of Downstream Steel Division in September 2012 until current. Dato' Lim also took charge of the Sales & Marketing of the Group with effect from 2016. In year 2017, Group Human Resources came under Dato' Lim's purview. Subsequently in 2021, Dato' Lim was tasked to oversee the full management of Central operations. Dato' Lim was made the Deputy Group Managing Director of Ann Joo Resources Berhad on 1 March 2022 and actively involve in the business expansion of Green Technology Division.

Dato' Lim sits on the board of several private limited companies. He is the Vice President II, Chairman of the Human

Resource Development Committee and Chairman of the Steel Mills Group Sector of Malaysian Iron And Steel Industry Federation (MISIF).

Dato' Lim holds a Bachelor of Science in Industrial Engineering from University of Arkansas, United States of America and a Master of Science in Business Administration (Major in Finance) from University of Charles Sturt, Australia.

Dato' Lim is the son to the Group Non-Executive Chairman, Dato' Lim Kiam Lam. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



LIM HONG HOCK

Age 52, Male, Malaysian
Non-Independent Non-Executive Director

Date of Appointment

- 1 July 2015 – Non-Independent Non-Executive Director

Lim Hong Hock was attached to Kimberly-Clark Corp., a U.S. based Fortune 500 company dealing in consumer paper products in United States of America and later relocated to Malaysia as its Production Manager from 1995 to 2000. In 2004, he joined Ann Joo Steel Berhad ("AJSB") as Senior Vice President and was subsequently appointed as the Executive Director of AJSB on 1 July 2008. He was also appointed as a Director of Ann Joo Integrated Steel Sdn Bhd in September 2008 and was the pioneer team involved in the setting up of the first modern Blast Furnace in Malaysia. Following the

restructuring of Ann Joo Group in 2010, he has been designated as the Director – Operations of Upstream Steel Division.

Mr Lim sits on the board of several private limited companies.

Mr Lim holds a Bachelor of Science in Mechanical Engineering from University of Maryland, College Park and a Master of Business Administration in Entrepreneurship from University of Wisconsin, Madison, United States of America.

Mr Lim is the son to the major shareholder, Mr Lim Seng Qwee and the brother to Group Managing Director, Dato' Lim Hong Thye. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



TAN SRI DATUK WIRA DR. HJ. MOHD SHUKOR BIN HJ. MAHFAR

Age 68, Male, Malaysian
Independent Non-Executive Director

Date of Appointment

- 20 April 2023 – Independent Non-Executive Director

Board Committee

- Audit Committee (Chairman)
- Long Term Incentive Plan Committee (Chairman)
- Nomination Committee (Member)
- Remuneration Committee (Member)

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar started his career as a Bank Officer in 1978. A year later he took a leap to work with the Inland Revenue Board of Malaysia (IRBM) as an Assessment Officer. He rose through the ranks in IRBM, appointed Deputy CEO of Compliance, Deputy CEO of Operations, and CEO in January 2011 until his retirement in December 2016.

Throughout the years, he received many accolades and awards. He was elected President of the Malaysian Association of Statutory Bodies and Chairman of The Commonwealth Association of Tax Administrations (CATA), awarded the CEO of the Year 2015 by The European Emerging Markets Awards and received the 2015 Lifetime Achievement Award - Outstanding Contribution in Shaping People by the Asia HRD Award.

Equipped with 36 years of vast experience both in taxation and management throughout his tenureship with IRBM, he

now leads his own Tax and Management firm known as MSM Management Advisory. With his continuous engagement in the tax related field, he was subsequently appointed to the board of directors of IRBM, Chairman of McMillan Woods National Tax Firm, Chairman of the Board of Directors of Universiti Utara Malaysia (UUM) and Chairman of Uniutama Education and Consultancy (up to December 2018).

He also sits on the Board of Directors of Uniutama Management Holdings Sdn Bhd (up to December 2018) and Prokhas, a private limited company wholly-owned by Minister of Finance (up to September 2019) and a Partner of YYC Advisors (up to August 2019). He is also a member of the Board of Trustee at Yayasan Tenaga Nasional. He is currently the Independent Non-Executive Chairman of Censof Holdings Berhad, Independent Director of Minda Global Berhad and Paragon Globe Berhad and an Advisor to Century Software (Malaysia) Sdn Bhd.

He holds a Bachelor of Economics from Universiti Malaya, a Postgraduate Diploma in Computer Science with Malaysia University of Technology, and Master of Taxation and Doctor of Public Administration at the Golden Gate University, United States of America. He also received an Honorary Doctor of Management from Universiti Tenaga Nasional (UNITEN) and Asia Metropolitan University; appointed the Adjunct Professor of Universiti Teknologi MARA (UiTM), UNITEN, Universiti Tun Abdul Razak (UNITAR), UUM, Universiti Malaysia Perlis (UniMAP) and University College of Technology Sarawak (UCTS).

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



DATO' CHAN CHOY LIN

Age 66, Female, Malaysian
Independent Non-Executive Director

Date of Appointment

- 1 June 2018

Board Committee

- Nomination Committee (Chairman)
- Remuneration Committee (Chairman)
- Audit Committee (Member)
- Long Term Incentive Plan Committee (Member)

Dato' Chan Choy Lin (known as Dato' Carol Chan) is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants. She began her accountancy training in 1979 with a reputable accounting firm and left KPMG in 1984 for the corporate sector, where she gained most of her experience with large public listed companies.

Dato' Carol Chan has more than 30 years' experience with public listed companies engaged in the businesses of banking and insurance, automotive manufacturing and distribution, trading and services,

property development and construction, plantation, hospitality and education. Dato' Carol Chan's senior management experience covers the areas of mergers, acquisitions and divestments, finance and treasury, corporate secretarial and legal, including corporate governance, risk management, internal controls and corporate social responsibilities. Over the years, Dato' Carol Chan has held several key management positions, was a key member of various group committees and also served as a nominee director on the boards of various group companies of a public listed conglomerate.

Dato' Carol Chan is also an independent non-executive director of APM Automotive Holdings Berhad and GHL Systems Berhad, both are listed on Bursa Malaysia Securities Berhad. She is also an independent non-executive director of The Pacific Insurance Berhad, a public non-listed company.

Dato' Carol Chan has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' LIM HONG THYE

Age 49, Male, Malaysian
Group Managing Director

DATO' LIM AUN CHUAN

Age 46, Male, Malaysian
Deputy Group Managing Director

Dato' Lim Hong Thye joined the Company in August 2000. He was immediately seconded to the main associate of the Company, Malaywata Steel Berhad ("MYS") as Head of Finance. He was appointed to the Board of the Company on 1 January 2003 and to the Board of MYS on 15 January 2004. He was appointed as the President of MYS and was instrumented in leading the merger exercise of the Company and MYS, thus setting the foundation of transforming the Company into the leading steel company in Malaysia. He was appointed as the Group Managing Director of the Company on 30 June 2008 and under his leadership, Ann Joo Resources Berhad Group embarked its Vision 2020 to transform itself into a leading steel group in South East Asia. MYS became a 100%-owned subsidiary of the Company and the name had been changed to Ann Joo Steel Berhad ("AJSB"). The Company also started the first modern Blast Furnace in Malaysia via a Special Purpose Vehicle, Ann Joo Integrated Steel Sdn Bhd. These series of initiatives have transformed AJSB into the lowest cost steel producer in Malaysia and the Company as the largest steel company by market capitalisation in Malaysia since 2016.

In May 2018, Dato' Lim was elected as the President of Malaysian Iron and Steel Industry Federation (MISIF) for a term of three years and continues to hold the same position from 2021 to 2024. He serves as a Director for Malaysia for South East Asia Iron & Steel Institute (SEASI) and Vice President of Asean Iron and Steel Council (AISC). He also serves on the Board of Malaysia Steel Institute (MSI), a government agency under the Ministry of International Trade and Industry (MITI) (now known as Ministry of Investment, Trade and Industry) overseeing the development of steel industry in Malaysia. He also sits on the board of several private limited companies.

Besides that, Dato' Lim is also active in social and charity works. He is a Trustee of Yayasan Jasa Ann Joo since 2018. He holds the position of Chairman of the Jabatan Kerja Kemajuan Sekolah-Sekolah Rendah Cina, Subang Jaya and the Chairman of Board of Governors of Sekolah Rendah Jenis Kebangsaan (C) Lick Hung. He is also a member of the Board of Governors of Sekolah Menengah Jenis Kebangsaan Katholik, Petaling Jaya. In December 2021, he was appointed as a Council Member of the United Chinese School Committees' Association of Selangor and Wilayah Persekutuan Kuala Lumpur. He is currently also a Council Member of the Federation of Malaysian Manufacturers (FMM).

Dato' Lim holds a Bachelor of Commerce (Accounting and Finance) from The University of Melbourne. He is a Fellow member of CPA Australia (FCPA) and a Chartered Accountant of The Malaysian Institute of Accountants (MIA). Prior to joining the Company, he was with the Assurance & Advisory Service Unit of Price Waterhouse and PriceWaterhouseCoopers.

Dato' Lim is the son to the major shareholder, Mr Lim Seng Qwee and the brother to the Non-Independent Non-Executive Director, Mr Lim Hong Hock. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Dato' Lim Aun Chuan started his career with Ann Joo Group as a management trainee in 2000 and served as the Business Development Executive for Anshin Steel Industries Sdn Bhd ("ASI") (now known as Ann Joo Green Energy Sdn Bhd) in 2001. Dato' Lim was seconded to Anshin Steel Processor Sdn Bhd ("ASP") in the following year as its Operations Manager and progressed to become the General Manager and then, Executive Director in 2004. In the same year, he also served on the Board of the Group's subsidiaries and then in 2008, was made the Head of Strategic Business Unit 4 of the Group. Dato' Lim continues to assume a key role in the subsidiary companies of Ann Joo Group, namely Managing Director of ASP, Saga Makmur Industri Sdn Bhd and Executive Director of ASI. Following the restructuring of Ann Joo Group in 2010, Dato' Lim was made the Commercial Director for Trading Division (now known as Downstream Steel Division) before moving to assume the role of Managing Director of Downstream Steel Division in September 2012 until current. Dato' Lim also took charge of the Sales & Marketing of the Group with effect from 2016. In year 2017, Group Human Resources came under Dato' Lim's purview. Subsequently in 2021, Dato' Lim was tasked to oversee the full management of Central operations. Dato' Lim was made the Deputy Group Managing Director of Ann Joo Resources Berhad on 1 March 2022 and actively involve in the business expansion of Green Technology Division.

Dato' Lim sits on the board of several private limited companies. He is the Vice President II, Chairman of the Human Resource Development Committee and Chairman of the Steel Mills Group Sector of Malaysian Iron And Steel Industry Federation (MISIF).

Dato' Lim holds a Bachelor of Science in Industrial Engineering from University of Arkansas, United States of America and a Master of Science in Business Administration (Major in Finance) from University of Charles Sturt, Australia.

Dato' Lim is the son to the Group Non-Executive Chairman, Dato' Lim Kiam Lam. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

LIM HONG HOCK

Age 52, Male, Malaysian
Non-Independent Non-Executive Director

Lim Hong Hock was attached to Kimberly-Clark Corp., a U.S. based Fortune 500 company dealing in consumer paper products in United States of America and later relocated to Malaysia as its Production Manager from 1995 to 2000. In 2004, he joined Ann Joo Steel Berhad ("AJSB") as Senior Vice President and was subsequently appointed as the Executive Director of AJSB on 1 July 2008. He was also appointed as a Director of Ann Joo Integrated Steel Sdn Bhd in September 2008 and was the pioneer team involved in the setting up of the first modern Blast Furnace in Malaysia. Following the restructuring of Ann Joo Group in 2010, he has been designated as the Director – Operations of Upstream Steel Division.

Mr Lim sits on the board of several private limited companies.

Mr Lim holds a Bachelor of Science in Mechanical Engineering from University of Maryland, College Park and a Master of Business Administration in Entrepreneurship from University of Wisconsin, Madison, United States of America.

Mr Lim is the son to the major shareholder, Mr Lim Seng Qwee and the brother to Group Managing Director, Dato' Lim Hong Thye. He has no conflict of interest with the Company and no conviction for offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

NG @ OOI SIM HWANG PKT, PJK

Age 58, Male, Malaysian
Director - Rolling Mill, Upstream Steel Division

Ng @ Ooi Sim Hwang joined as Director of Rolling Mill, Ann Joo Steel Berhad on 19 December 2014. Prior to that, he was a Senior General Manager in Southern Steel Berhad with thirty (30) years of working experience in steel industry and has brought the performance of rolling mill to the highest standard.

He holds a Diploma in Marine Engineering.

He does not hold any directorship in any public listed company.

Mr Ooi has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for any offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

LOO LING HONG

Age 53, Female, Malaysian
Corporate Director

Loo Ling Hong joined the Company in July 2007 as Senior Manager – Group Corporate. She was promoted to various senior management positions including Assistant General Manager – Group Corporate, General Manager – Group Corporate and Group Financial Controller before promoted to the position of Corporate Director in July 2021. She is responsible for the Group's corporate development and strategic planning, investment appraisal and corporate finance, financial planning and management, tax planning and compliance, industry development and liaison, banker and investor relations, legal services as well as corporate social responsibility initiatives.

She has over twenty-eight (28) years of experience in several listed entities, specialising in corporate planning and development, accounting, finance and taxation. Before joining the Company, she was attached to Equine Capital Berhad as Senior Manager – Corporate Affairs, responsible for the accounting and finance, strategic planning and corporate development functions. Prior to that, she was with Bina Puri Holdings Bhd as Manager – Corporate Development, responsible for corporate development, corporate finance, strategic planning, investment feasibility assessment, merger and acquisition as well as fund raising exercises.

She holds a Bachelor of Business Administration (Honours), major in Finance from Universiti Utara Malaysia and professional qualification from the Association of Chartered Certified Accountants ("ACCA"). She is a fellow of ACCA and the Malaysian Institute of Certified Public Accountants, and a member of Malaysian Institute of Accountants.

She does not hold any directorship in any public listed companies but sit on the board of several private limited companies. In 2021, she was appointed as the Council Member of the Malaysian Iron and Steel Industry Federation for a term of three (3) years from 2021 to 2024.

Ms Loo has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company and no conviction for any offences within the past five (5) years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

LIM KAM CHOY

Age 57, Male, Malaysian

Finance Director and Company Secretary

Lim Kam Choy joined Ann Joo Resources Berhad Group on 19 July 2021. He is currently the Finance Director and he also serves as the joint Company Secretary of the Company.

He holds a professional qualification in accounting, MACPA (now known as MICPA) and an MBA from the University of South Australia. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He gained his certified public accountant (CPA) qualification through a 4-year accountancy training programme with an audit firm, PriceWaterhouse (now known as PricewaterhouseCoopers).

He spent his first 12 years of working career in two Big 4 audit firms - PriceWaterhouse and Ernst & Young, and he went on to work for public listed companies in Malaysia and Singapore.

Prior to joining Ann Joo Group, he was CFO of several public listed companies, including ECM Libra Financial Group Berhad, Karambunai Corp Berhad and Petaling Tin Berhad. Prior to that, he was vice-president for treasury at Genting Malaysia Berhad and before that, Head of Corporate & Finance at Ho Hup Construction Company Berhad.

Presently he does not hold directorship in public listed companies. He has no family relationship with any Director or major shareholder of the Company and has no conflict of interests with the Company.

He also does not have any convictions for offences (other than traffic offences, if any) within the past five years nor has been imposed with any public sanction or penalty by regulatory bodies during the financial year.

EOON THIAN CHUANG

Age 46, Male, Malaysian

Sales Director – Downstream Steel Division

Eoon Thian Chuang began his career as a Marketing Officer with Anshin Steel Service Centre Sdn Bhd ("ASSC") in 2002 and resigned as Assistant Sales Manager in 2007. He rejoined ASSC as a Sales Manager in 2010 after left from Posco Malaysia as an Assistant Sales Manager and was promoted to Acting Senior Manager in 2013. He was seconded to Ann Joo Metal Sdn Bhd in 2015 as Senior Manager and progressed to become Assistant General Manager and then General Manager in 2018. In year 2020, he was promoted as the Senior General Manager and subsequently on 1 April 2022, he was made the Sales Director of Downstream Steel Division.

He holds a Bachelor's Degree in Sales & Marketing from University of Oxford Brookes.

He does not hold any directorship in any public listed company.

Mr Eoon has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for any offences within the past five years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

GROUP NON-EXECUTIVE CHAIRMAN'S STATEMENT

2023 proved to be another challenging year for the Ann Joo Group of Companies ("The Group"), with weak steel demand and excess production, particular in China, impacting heavily on steel prices. This was compounded by elevated operating costs, including a massive increase in electricity tariffs for medium and high voltage industrial users at the start of the year. The Group recorded a slight reduction in revenue, recording RM2.51 billion compared to RM3.03 billion in 2022. Yet, the Group registered an improved profitability, with a loss after tax of RM7.12 million in 2023, down from RM133.1 million in 2022. Given the challenging business climate, the Group continues to prioritize effective and prudent balance sheet and cash flow management, in order to stay resilient and navigate through these difficult times.

OVERVIEW OF THE YEAR

The reopening of China in early 2023 initially promised a market recovery, yet an oversupply of steel, exacerbated by China's deepening property debt crisis, suppressed steel demand and prices. This demand-supply imbalance, combined with regional steel overcapacity situation, ongoing geopolitical conflicts, geoeconomic fragmentation and high inflation, constrained the global steel industry growth.

The construction sector, the largest steel-consuming sector, was hampered by high interest rates arising from historical monetary policy tightening and a scarcity of mega construction projects, further dampening steel demand. These combined forces negatively influenced both domestic and international steel markets, jeopardising the industry's profitability.

Consequently, the Group's financial performance was further hindered by subdued domestic demand, which necessitated a focus on exports in the absence of mega infrastructure projects, reflecting the effects of the complex interaction of global and domestic market forces.

FINANCIAL PERFORMANCE REVIEW

Despite the challenging market conditions, the Group recorded revenue of RM2.51 billion in 2023, attributed to lower sales tonnage and selling prices for various steel products. The slow market conditions were primarily caused by sluggish demand coupled with muted rollout of mega infrastructure projects, which put steel prices under pressure.

Despite a declined revenue, the Group reported a lower loss after tax of RM7.12 million in 2023, compared to RM133.14 million in 2022. This improved performance was attributed to a lower cost of sales on gradual normalisation of high raw materials cost experienced throughout 2023. Additionally, the acquisition of a subsidiary in 2023 resulted in a gain on bargain purchase of RM87.73 million, which also significantly contributed to the Group's better financial performance. As a result, the Group recorded a Basic Loss per Share ("LPS") of 0.39 sen and Anti-Diluted Loss per Share of 0.01 sen for the year ended 31 December 2023.

The Group's total borrowings increased by 18.44% to RM1.46 billion as of 31 December 2023, from RM1.23 billion as of 31 December 2022, and its gearing ratio increased to 1.21 times from 1.03 times in previous year. Higher borrowings were primarily to support the investments in new subsidiaries, as well as the purchase of plant and equipment for manufacturing capability expansions in both Upstream and Downstream Steel Divisions.

Given the Group's financial performance in 2023 and the challenging market outlook, the Board opted to prudently conserve funds to fulfil the Group's financial commitments while maintaining a solid capital structure for prospective business expansions and working capital requirements, with no dividends were declared for the year under review. Going forward, the Group will strive to continue its policy of paying out dividends after due consideration that adequate funds are conserved to meet the Group's financial obligations and uphold a healthy capital base for future business expansions.

GROUP NON-EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

EMBEDDING SUSTAINABLE OPERATIONS

In pursuit of the Group's goal of achieving greater operational efficiency and business expansions, the Group undertook an internal reorganisation of Ann Joo Group Structure by making Ann Joo Steel Berhad, Ann Joo Metal Sdn Bhd and Ann Joo Green Energy Sdn Bhd, the divisional holding companies for the Upstream Steel Division, Downstream Steel Division and Green Technology Division, respectively. We believe that the new group structure will enable the respective business divisions to pursue their own distinct aspirations and strategies by improving management focus and accountability, increasing operational efficiency, allowing for tailored capital management initiatives, and providing better access to equity and capital markets for future business expansions.

On 21 June 2023, Konsortia Etiqa Sdn Bhd, a 55% subsidiary of the Group, acquired and subscribed ordinary shares in Perfect Channel Sdn Bhd ("PCSB"), making it a subsidiary of the Group. PCSB is principally engaged in the manufacturing of hard drawn wires, galvanised steel wires and other wire products. This acquisition would enable our Upstream Steel Division to expand into the production of engineering-grade steel wire rods by leveraging PCSB's manufacturing capability, promoting business efficacy and synergistic benefits, and thus enhancing the Group's competitive advantage in the upstream steel business.

Additionally, PCSB owns six parcels of contiguous freehold industrial land measuring approximately 436.8 acres together with buildings and facilities (including a 275kv main intake substation). The properties are strategically located in the Gurun Industrial Park, Kedah, one of the major industrial centres in the Northern region of Peninsular Malaysia. Given that Gurun is one of the areas with the highest daily average sunlight hours, it is an ideal location for solar energy generation. The acquisition potentially enables the Group to grow its green energy business. Last but not least, the acquisition is also in line with the Group's ambition to diversify into industrial property development and investment.

In an effort to create lasting economic value, we relentlessly seek out business development opportunities to expand the steel services and products offered by Downstream Steel Division and expand our foothold in a diverse range of industries. The division invested in a new tailor welded blanks ("TWB") production line, which offers extensive value-added services to our automotive customers. With enhanced steel service capabilities, we are capable to enter the automotive supply chain, supplying parts to various local car producers.

We are confident that by expanding our business in Singapore, we will be able to substantially expand our market presence both domestically and regionally, as well as continue with our value creation strategy to achieve long-term growth for all our stakeholders.

While we embarked on our sustainability journey, the Group made tremendous progress in addressing global sustainability challenges by advancing its commitment to environmentally friendly initiatives. In collaboration with our consortium partners, JAKS Solar Power Sdn Bhd and Fabulous Sunview Sdn Bhd, the Group achieved a remarkable milestone by being selected as a Solar Power Producer under the Corporate Green Power Programme, with an allocated export capacity of 29.99MWac, solidifying its position in the renewable energy sector and marking a notable achievement in its journey towards sustainability and green technology integration.

LOOKING FORWARD

The global steel industry outlook for 2024 is expected to be broadly balanced and marginally improved, with growth continuing from 2023, driven largely by sectors such as manufacturing, automotive, and infrastructure projects related to energy transition. However, persistently high interest rates may cause headwinds for the property and construction sectors, dampening the demand for construction steel. In China, the ongoing property debt crisis, sluggish consumer spending and steel overcapacity could stymie the recovery in steel demand. Nevertheless, any stimulus measures launched by the Chinese government could potentially boost market sentiments.

GROUP NON-EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

Domestically, MITI appointed an Independent and Special Committee for the Malaysian iron and steel industry following the implementation of a two-year moratorium beginning on 15 August 2023. This strategic move by the government will allow for reassessments to address the issues facing by the domestic industry, as well as support the industry in achieving carbon neutrality objectives and realigning its direction with the aspirations of the New Industrial Master Plan 2030 for sustainable growth. However, the market remains vulnerable to geopolitical uncertainties, fears of a global recession, and financial instability, all of which may have an impact on overall performance in 2024.

The Group is strategically navigating these uncertain conditions with a focus on risk management and seizing opportunities for long-term success. With a primary focus on maintaining a sound financial position to protect stakeholders' interests, the Group is also refining its strategic directions and business portfolio to meet evolving market needs. We are committed to this endeavour through prudent investment, technological innovation, and top-tier performance, and we are confident that our business expansions will lead to success even in challenging conditions. Looking ahead, the Group will persist in its aim to become the leading steel group in Malaysia and Southeast Asia, providing steel products and services of the highest standards and quality while achieving sustainable growth and lasting value for all stakeholders.

APPRECIATION

On behalf of the Board of Directors, I would like to extend our gratitude to our shareholders for their enduring trust and support in the Group and its management. The Group remains optimistic and grateful for the support of our valued shareholders, and will continue to uphold its market leadership position in Malaysia as the largest steel counter by market capitalisation.

Our gratitude also goes to the Board of Directors, for their wisdom and guidance in steering our Group towards business success and achievements. Special thanks to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Datuk Kamarudin Bin Md Ali, Mr. Lim Sin Seong, and Mr. Lim Kien Lip for their invaluable contributions to the Group's progress throughout their tenure. We acknowledge with thankfulness that Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Md Ali ended their term of service on the Board on 31 May 2023, while Mr. Lim Sin Seong and Mr. Lim Kien Lip followed suit on 29 August 2023.

I would also like to express profound gratitude to our management team and employees for their exceptional dedication, hard work, and significant efforts in propelling our Group to greater heights despite challenging circumstances. Last but not least, I am deeply grateful to our stakeholders, including our customers, business associates, suppliers, financiers, and regulatory authorities. Your steadfast support has been invaluable and vital in helping the Group to navigate this trying time and achieve its goal of becoming the prominent steel group in Malaysia and the region.

DATO' LIM KIAM LAM

Non-Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

THE STEEL MARKET IN 2023

The steel market went through another difficult time in 2023 due to a slower-than-expected demand recovery, exacerbated by China's unresolved property debt crisis. External factors such as heightened geopolitical tensions, geoeconomic fragmentation, and monetary tightening policies, hindered economic activities and steel consumption, further dampening the recovery in the global steel industry.

The steel industry witnessed a strong rebound in the first quarter of 2023, propelled by the reopening of China, which significantly boosted market sentiment towards demand recovery. However, this confidence faded as the China property debt crisis impeded the growth of steel demand and an overproduction situation emerged due to a lack of government-mandated production curbs. Steel demand failed to gain traction despite the announcement of China's RMB1 trillion special government bonds in October 2023, which were intended to boost the country's post-disaster recovery and reconstruction. The impact of the stimulus package was insufficient to outweigh the downside risks to steel prices.

Regionally, a massive influx of integrated mega mills into the ASEAN market further exacerbated the persistent overcapacity issue, raising serious concern of overcapacity, particularly as demand remains relatively stagnant in both ASEAN and China. The poor market conditions weighed on steel demand in major steel use sectors. China's excess production and the increase of decarbonization impacted steel and fuel prices, further eroding steel mills' profitability, which was already suffering from the double whammy of high material and fuel costs.

In broad terms, the costs of raw materials and fuels increased in 2023. Iron ore prices surged in the second half of 2023, exceeded USD140/mt, the highest level since June 2022, after falling below USD100/mt at the end of May, owing primarily to rising seaborne demand caused by excess steel production in China. Concurrently, scrap and Australian coking coal prices rose in the second half of the year amid tight stock levels and increased purchasing activity as mills sought to restock ahead of the winter season.

The challenges have spread to the local front, where supply-demand imbalances are looming large. In 2023, domestic steel demand remained modest throughout the year, largely due to the underwhelming mega infrastructure projects, a lack of catalyst to boost steel demand, and mounting cost pressures brought on by hike in electricity tariff, rising interest rates, high inflation, and a weak ringgit. Rising production costs and operating expenses combined with a weak market demand continued to put pressure on the earnings of steel players.

BUSINESS OPERATIONS

Ann Joo Resources Berhad, referred to as Ann Joo, is a public listed company on the Main Market of Bursa Malaysia since 26 November 1996. The company operates with three distinct business segments: Upstream Steel Division, Downstream Steel Division and Green Technology Division.

Ann Joo, renowned for its expertise in the steel industry, has established itself as a leading player in Malaysia, providing innovative, reliable, and cost-effective solutions across the steel value chain. With an unwavering commitment to delivering exceptional quality and value, Ann Joo has been synonymous with excellence and reliability in the Malaysia's steel sector.

The Group's Upstream Steel Division operates a hybrid Blast Furnace-Electric Arc Furnace, which enhances operational flexibility and efficiency, making it one of Malaysia's leading producers of long products. The Division, which emphasizes productivity and continuous improvement, produces quality iron and steel products such as pig iron, billets, rebars, and wire rods, not only serving the Malaysian market but also catering to regional demands.

On 21 June 2023, the Group announced the acquisition of Perfect Channel Sdn Bhd ("PCSB") as a subsidiary of the Group, via Konsortia Etika Sdn Bhd, the Group's 55% subsidiary. PCSB specialises in the production of hard drawn wires, galvanised steel wires and other wire products. The acquisition would enable the Group's Upstream Steel Division to expand into the production of engineering-grade steel wire rods by leveraging PCSB's wire rods rolling mill capacity, promoting business efficacy and synergistic benefits, and thus strengthening the Group's competitive advantage in the Upstream Steel Division business.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

PCSB's operational presence is strategically located on six parcels of contiguous freehold industrial land totalling approximately 436.8 acres along with buildings and facilities (including a 275kv main intake substation), in the Gurun Industrial Park, Kedah, one of the major industrial centres in the Northern region of Peninsular Malaysia. The site is easily accessible via the North South Highway and is approximately 58 km from the Group's iron and steel plants at Prai, Penang. Gurun, which is one of the areas with the highest daily average sunlight hours, is an ideal location for solar energy generation. This could help the Group expand its rooftop solar energy business activities. The acquisition also aligns with the Group's ambition to diversify into industrial property development and investment.

The Downstream Steel Division expands horizontally across the supply chain, from stockists to full-fledged downstream steel businesses. Leveraging its expansive steel services and warehousing capabilities in Malaysia and Singapore, the division offers a diverse array of flat and long products. The division supports a wide range of economic sectors, including oil and gas, petrochemicals, palm oil, consumer electronics, construction and engineering-fabrication intensive industries. The division plays a pivotal role in serving the varied needs of these sectors.

Our exceptional steel service capabilities include the processing of flat products into various shapes, sizes and dimensions to strategically support and expand the supply chains of various industries, with a focus on the growing automotive and E&E sectors. In addition to the supply of long products, the Division provides rebar fabrication for building and infrastructure projects, as well as comprehensive project management services that conform to stringent project material specifications. The Downstream Steel Division synergistically complements the Group's manufacturing capabilities, cementing its position as a Total Steel Solution Provider to its customers, notably for large-scale infrastructure and property development projects.

In 2023, the Downstream Steel Division broadens its steel service capabilities through various investments. These include, 1) Tailored Welding Blank ("TWB") project, which aims to produce value-added plate products for the automotive industry, serving companies like Proton, Perodua, UMW, among others, for various applications such as side frames, doors, pillars, and rails; 2) a new pipe forming production line that incorporates value-added processes such as advanced roll bending and cutting-edge Submerged Arc Welding (SAW) facilities designed specifically for the production of steel pipe piles; and 3) production line for threaded rebar, as known as Bartec®, a parallel threaded mechanical splicing system that connects concrete reinforcement bars with diameters ranging from 12mm to 50mm.

Expanding its regional reach, the Division's operations in Singapore serve major market segments such as offshore and marine engineering, pressure vessel and shipbuilding, and construction. In addition to its steel services capabilities in profile cutting and roll bending, the Group plans to broaden its presence and deliver superior steel services to a larger customer base across the region.

Ann Joo's Green Technology Division is entrusted with making investments in green technology with the goal of pursuing business expansion prospects in environmental enhancement initiatives and promoting sustainability. Ann Joo Green Energy Sdn Bhd ("AJGE"), as the divisional holding company for the Green Technology Division, undertakes investments in green technology and environmental enhancement activities.

The Green Technology Division's subsidiaries, AJE Best-On Sdn Bhd and Bumi Segar Indah Sdn Bhd, marked the first step towards realising the Group's green investment aspirations. AJE Best-On Sdn Bhd provides hybrid solar solutions and construction management services. Bumi Segar Indah Sdn Bhd, which specialises in solid waste management services, commenced operations in June 2023. Through these strategic moves, the Group seeks to position itself as a responsible corporate citizen that promotes environmental sustainability while driving growth and expansion.

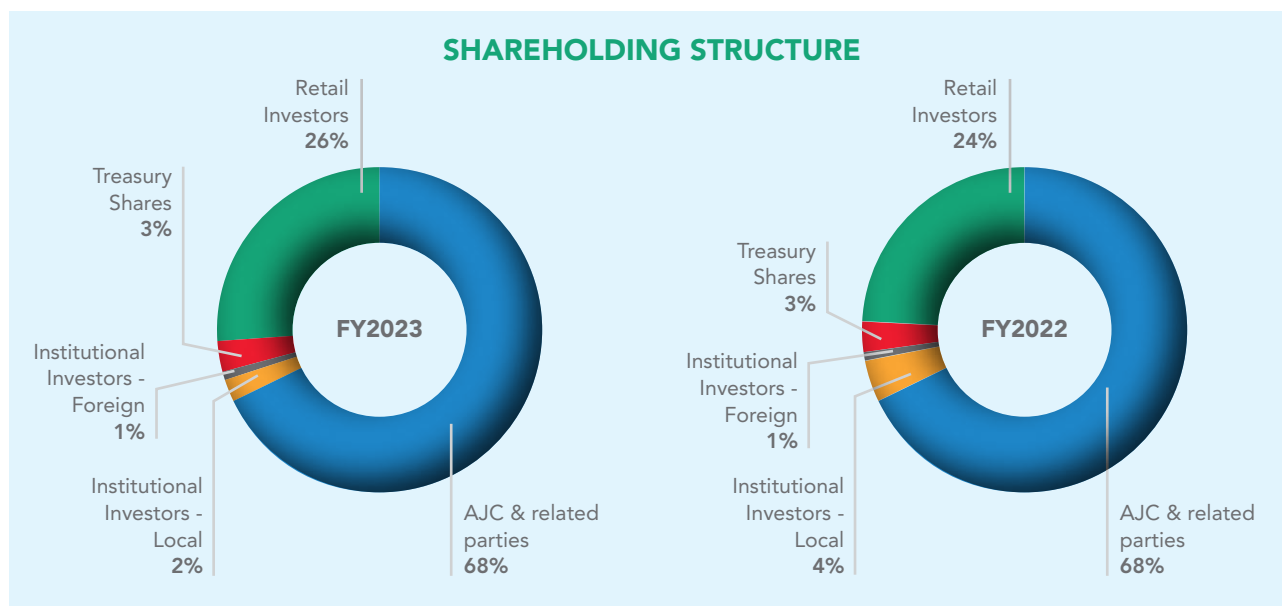
AJGE, the divisional holding company of the Group's Green Technology Division, is entrusted to uphold our sustainability commitment by incorporating sustainability practices from the Environment, Social and Governance ("ESG") aspects into our business to create long-term sustainable value to our stakeholders. In August 2023, AJGE and its consortium partners, JAKS Solar Power Sdn Bhd, a wholly owned subsidiary of JAKS Resources Berhad, and Fabulous Sunview Sdn Bhd, a wholly owned subsidiary of Sunview Group Berhad, have been successfully selected as a Solar Power Producer with an allocated export capacity of 29.99MW under the Corporate Green Power Programme, as announced by the Energy Commission.

The year 2023 presented a number of formidable obstacles for the Group's operations, including weak domestic demand and increased volatility in the global steel markets as a result of the continuous global economic turbulence. These circumstances significantly impacted the Group's financial performance, leading to unfavourable results. The tough operating environment emphasised the significance of strategic adaptability and resilience in the face of dynamic market conditions, pushing the Group to review its strategies and strengthen its resilience to future uncertainty.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Despite setbacks, the Group remains steadfast in its commitment to navigating the complexities of the steel business, leveraging strategic foresight to mitigate business risks and capitalise on emerging opportunities in the evolving market landscape. Going forward, the Group remains focused on strengthening its business and enhancing its competitiveness to ensure long-term growth, upholding its position as the largest steel group listed on Bursa Malaysia by market capitalization, despite the fact that Ann Joo's market capitalisation declined marginally to RM619 million as of 31 December 2023.

In response to unfavourable business sentiment and highly volatile market conditions, local institutional investors reduced their shareholding, with retail investors absorbing the shift in ownership, as demonstrated below.

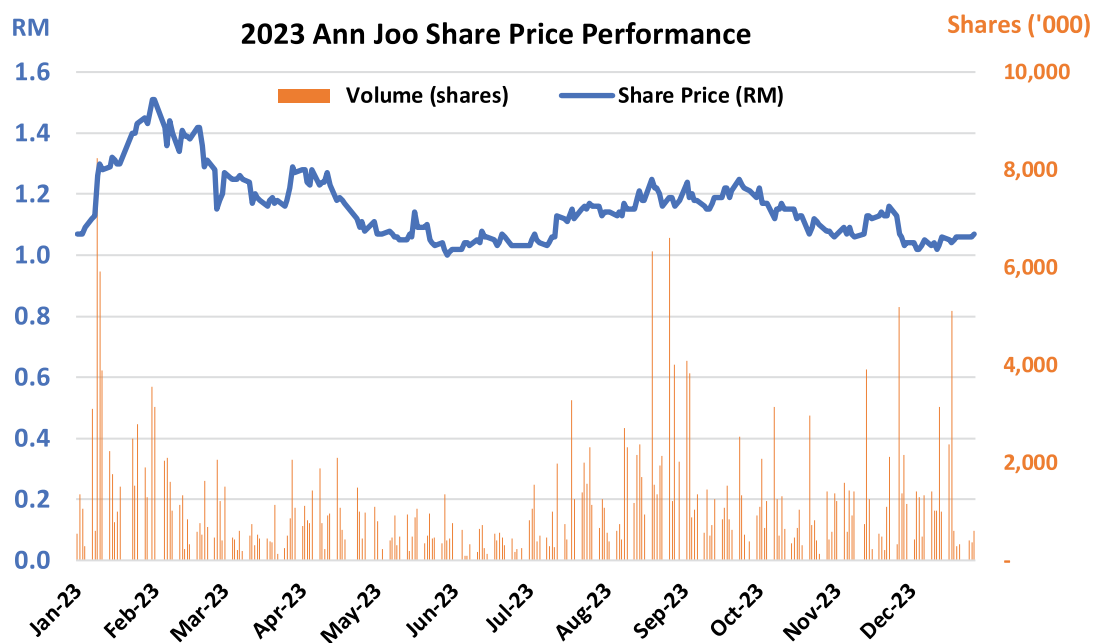


Note : AJC refers to Ann Joo Corporation Sdn Bhd

In 2023, Ann Joo's share price began the year with a price of RM1.09 and ended at RM1.07 as at 31 December 2023.

	FY2022	FY2023
Market Capitalisation (RM' million)	631	619
Closing Price (RM per share)	1.09	1.07
Average Price (RM per share)	1.36	1.16
Highest Closing Price (RM per share)	2.17	1.51
Lowest Closing Price (RM per share)	0.89	1.00
Average Daily Volume (million shares)	1.56	1.19

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

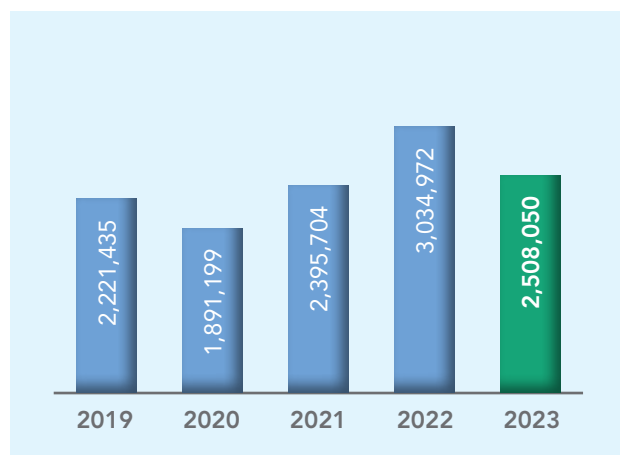


FIVE-YEAR FINANCIAL HIGHLIGHTS

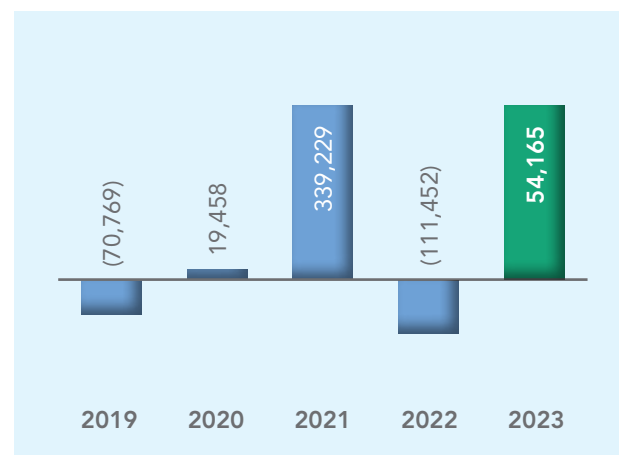
	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000	FY2023 RM'000
Revenue	2,221,435	1,891,199	2,395,704	3,034,972	2,508,050
EBITDA	(70,769)	19,458	339,229	(111,452)	54,165
Profit/(Loss) Before Tax	(161,982)	(74,306)	255,665	(203,290)	(63,399)
Profit/(Loss) After Tax	(89,860)	(99,987)	242,929	(133,141)	(7,120)
Profit/(Loss) Attributable to Owners of the Company	(89,860)	(99,987)	242,929	(132,631)	(2,172)
Earnings/(Loss) Per Share (sen)					
- Basic	(16.67)	(18.53)	44.88	(23.75)	(0.39)
- Diluted/Anti-diluted	(13.93)	(15.53)	39.20	(20.81)	(0.01)
Dividend Per Share (sen)	-	-	12.00	-	-
Borrowings	1,069,533	917,842	1,021,682	1,229,420	1,456,144
Gearing Ratio	0.89x	0.83x	0.77x	1.03x	1.21x
Net Gearing Ratio	0.81x	0.78x	0.72x	0.92x	1.12x
Total Equity Attributable to Owners of the Company	1,204,634	1,105,585	1,322,853	1,192,778	1,198,939
Return on Equity	-7.46%	-9.04%	18.36%	-11.11%	-0.18%
Net Assets Per Share (RM)	2.23	2.05	2.44	2.12	2.14

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

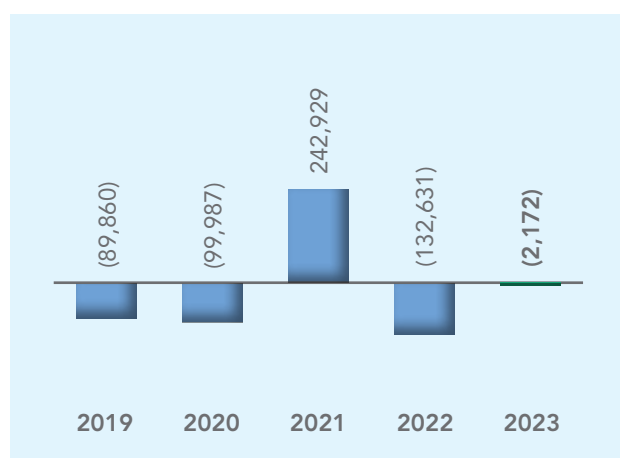
A. REVENUE (RM'000)



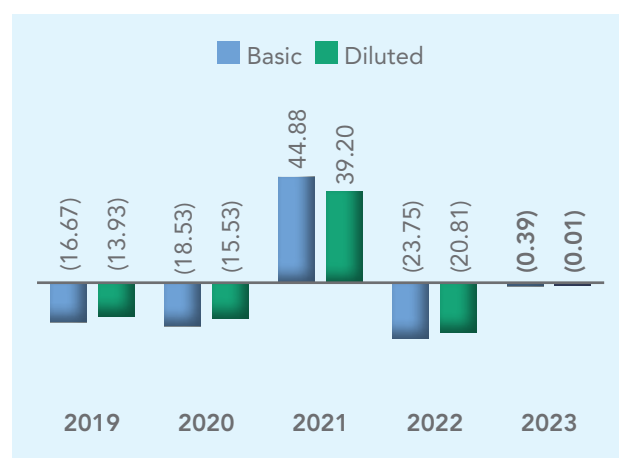
B. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA) (RM'000)



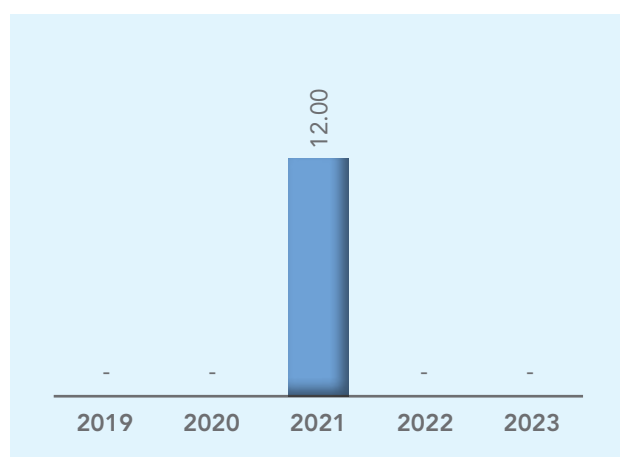
C. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



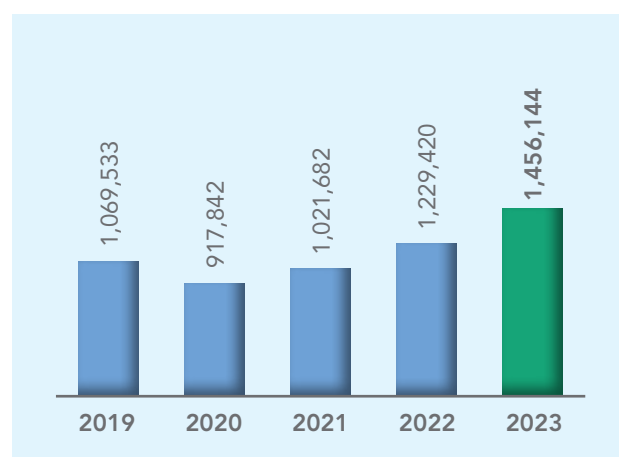
D. EARNINGS/(LOSS) PER SHARE (SEN)



E. DIVIDEND PER SHARE (SEN)

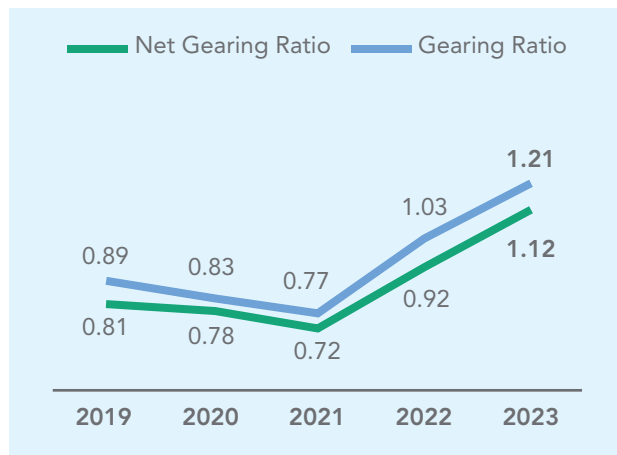


F. BORROWINGS (RM'000)

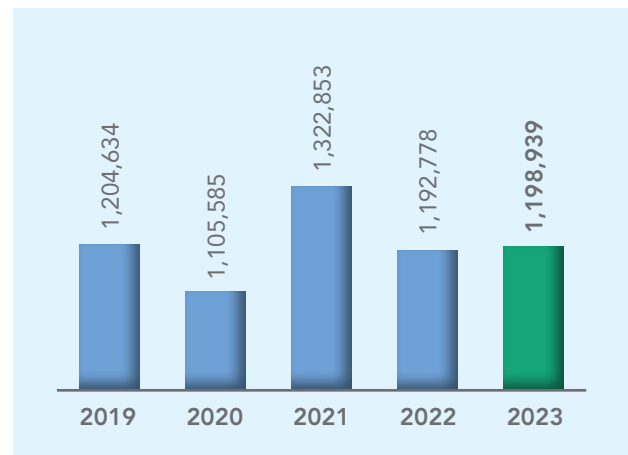


MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

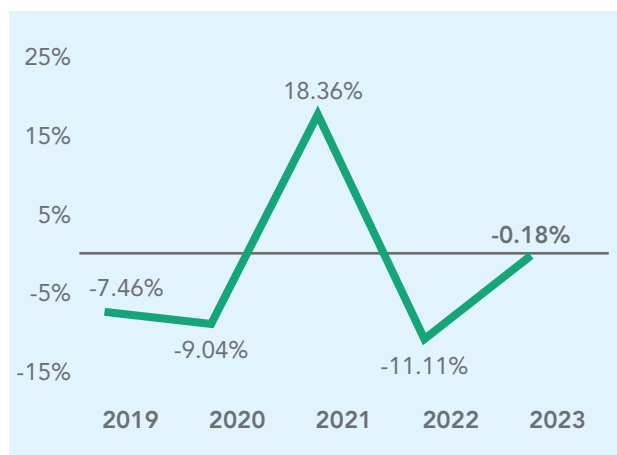
G. GEARING RATIO/NET GEARING RATIO (TIMES)



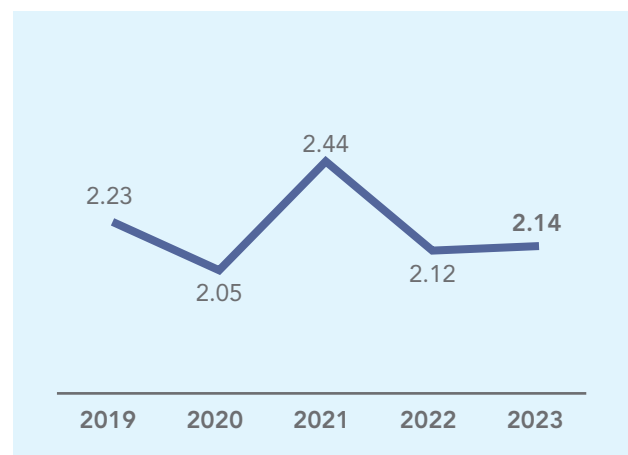
H. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



I. RETURN ON EQUITY (%)



J. NET ASSETS PER SHARE (RM/SHARE)



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

REVENUE



RM2,508.05 million

LOSS AFTER TAX



RM7.12 million

NET ASSETS



RM1,198.94 million

NET BORROWINGS



RM1,337.46 million

2023 PERFORMANCE REVIEW

The Group registered a lower sales revenue of RM2.51 billion in 2023 compared to RM3.03 billion in 2022, a reduction of RM0.52 billion or 17.36%. The reduction in revenue was primarily attributed to lower sales tonnage and selling prices of various steel products during the financial year. The adverse market conditions were mainly due to sluggish demand recovery combined with lacklustre rollout of mega infrastructure projects, which continued to put pressure on steel prices.

The Upstream Steel Division revenue reduced by 19.85% to RM1.80 billion in 2023, compared to RM2.25 billion in 2022, owing to a reduction in both domestic and export sales, while Downstream Steel Division revenue remained relatively stable at RM1.23 billion in 2023, compared to RM1.22 billion in 2022. The Green Technology Division registered a revenue of RM22.69 million in 2023, up from RM0.64 million in 2022, following the commencement of waste management business in June 2023.

Despite the reduction in revenue, the Group's profitability improved, with the gross loss narrowing to RM15.09 million in 2023 from RM103.09 million in 2022. This was primarily due to the lower cost of sales resulted from the gradual normalisation of high raw material and fuel costs experienced in past years, notwithstanding the downward trend in selling prices. As a result, the Group reported a lower Loss Before Tax of RM63.40 million in 2023, compared to RM203.29 million in 2022. This was also partly attributable to recognition of RM87.73 million gain on bargain purchase from acquisition a subsidiary. Given the persistent market volatility and challenging business environment, no dividends were declared for the financial year ended 31 December 2023.

The Upstream Steel Division reported a lower segmental loss of RM180.31 million, compared to RM252.34 million in 2022. The improved performance was attributed to an improved operating margin coupled with the reversal of allowance for inventory written down of RM47.27 million in 2023. The division remained committed to productivity improvement and cost efficiency for long products through its hybrid blast furnace-electric arc furnace technology, which provides operational flexibility to stay resilient and responsive to market changes.

The Downstream Steel Division registered a lower segmental profit of RM32.18 million in 2023, down from RM46.58 million in 2022, due to lower selling prices of various steel products caused by sluggish demand recovery. The division remained committed to improving its operating and cost efficiency through strategic capital expenditure and continuous process improvements.

Overall, the Group posted a lower Loss After Tax of RM7.12 million in 2023, compared to the Loss After Tax of RM133.14 million in 2022. This was mainly attributed to better margin from the gradual normalisation of high raw material and fuel cost in the past years as explained above. The Group recorded a Tax Credit of RM56.28 million compared to RM70.15 million in 2022, mainly due to the recognition of Deferred Tax Assets deriving from business losses and tax credits of certain subsidiaries.

Other operating income rose 243.55% to RM117.34 million in 2023, up from RM34.16 million in the previous year. The increase was mainly due to recognition of RM87.73 million gain on bargain purchase from the acquisition of a subsidiary in 2023.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Administrative Expenses increased by 19.11% to RM77.23 million in 2023, up from RM64.84 million in 2022. This was mainly due to higher depreciation and payroll-related expenses resulted from consolidation of a new subsidiary, despite a smaller provision for share-based payment under the Long Term Incentive Plan ("LTIP"), with the share-based payment amounting to RM3.77 million in 2023, compared to RM5.48 million in 2022.

In 2023, the Group recorded a higher Other Operating Expenses of RM5.32 million, up from RM4.74 million in 2022. This was mainly due to higher property, plant and equipment written off of RM1.33 million in 2023 despite lower overhead plant shutdown costs of RM4.44 million in 2023 against RM4.74 million in 2022, arising from operation shutdown for unscheduled repair and maintenance activities. In addition, the Group recorded a reversal of impairment loss on receivables of RM3.38 million in 2023 compared to RM1.38 million in 2022, attributed to improved debt collection.

Finance cost increased by 67.71% to RM62.58 million in 2023 from RM37.31 million in 2022 as a result of increase in borrowings of RM226.72 million from RM1.23 billion in 2022 to RM1.46 billion in 2023, which contributed to higher borrowing costs for the Group. Aside from that, the interest rates were higher as Bank Negara Malaysia raised the Overnight Policy Rate by 25 basis points in 2023.

The Group's gearing and net gearing ratio rose to 1.21 times and 1.12 times, respectively, as of 31 December 2023, up from 1.03 times and 0.92 times as of 31 December 2022. The Group's gearing position remains a key area of focus, ensuring that the Group has sufficient financial resources to capitalise on any future recovery in demand. The Group continues to manage its working capital requirements in a proactive and prudent manners to maintain a sound financial standing moving forward.

The Group's net assets increased by 0.52% to RM1.20 billion in 2023 from RM1.19 billion in 2022. The increase in net assets was mainly attributed to better margins and gain on bargain purchase from acquisition of a subsidiary, which resulted in an increase in net assets per share from RM2.12 to RM2.14.

Deferred tax assets increased by 38.22% from RM170.39 million to RM235.51 million in 2023, mainly due to business losses and tax credits of certain subsidiaries. In terms of working capital, inventories rose 6.47% to RM970.26 million from RM911.34 million, while receivables and prepayments fell 3.90% to RM534.19 million from RM555.88 million. Payables and accruals increased significantly by 45.70% to RM349.04 million, up from RM239.56 million.

In 2023, the Group recorded RM114.17 million in net cash outflows from operating activities. This was mainly due to increase in cash flows used in operations and finance costs paid. The Group also recorded RM148.10 million in cash inflows from financing activities, mainly due to a net drawdown of RM156.72 million in bank borrowings. The RM51.12 million in cash outflows from investing activities were mainly attributed to the purchase of concession assets, as well as the purchase of new property, plant and equipment. Consequently, the Group's cash and cash equivalent decreased from RM121.02 million to RM107.59 as at the end of the financial year.

2024 MARKET OUTLOOK & PROSPECTS

The global steel sector is expected to have a moderate outlook in 2024, with steel markets remain relatively balanced and slightly better than a year ago. Manufacturing, automotive and infrastructure, particularly those associated with the energy transition sector, are anticipated to continue to be the key drivers of steel demand. However, high interest rates are likely to have a detrimental effect on the property and construction sectors, affecting demand for construction steel. Despite a modest outlook, the steel industry will continue to struggle with slow demand, especially from China.

Uncertainty stemmed from China's structural transition phase, as steel consumption shifts from the real estate sector to infrastructure and manufacturing, reflecting the challenges in its property market. In China, the recovery in steel demand is expected to be constrained by its property debt crisis, slow consumer spending and growing steel overcapacity. China's manufacturing sector is overtaking its construction sector in driving the country's demand for steel, in a shift that will benefit flat products more than long products. Yet, the Chinese government is anticipated to continue adjusting property policies and implementing stimulus measures to accelerate the promotion of affordable housing, urban village rehabilitation, and public infrastructure development.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Prices for raw materials and fuels are expected to be volatile, tracking the pace of recovery in China's steel market. Iron ore and scrap prices are anticipated to be influenced by the pace and scale of the steel industry's decarbonization initiatives, as well as broader economic and market conditions even though prices have been falling since the first quarter of 2024. Increased demand for low-carbon steel production, technological advancements, supply chain disruptions, and regulatory changes will all play a role in shaping the price dynamics for the commodities. Likewise, coking coal and coke prices showed a declining trajectory. The price disparity between metallurgical coal and coke, which remains significant, is projected to have an impact on the future direction of the steel market, influencing production costs, supply chain dynamics, and product competitiveness on a global scale. This price disparity will continue to be determined by supply and demand dynamics, changes in trade policies, and global economic growth.

On the local front, the steel industry outlook is likely to face continued headwinds, primarily due to uninspiring demand and the presence of structural overcapacities domestically and regionally. Demand for construction steel will remain subdued until mega infrastructure projects, such as LRT 3, KL-Singapore High Speed Rail (HSR), Penang first LRT, among others, get underway.

In light of the ongoing overcapacity issue in the domestic steel industry, the Ministry of Investment, Trade and Industry ("MITI") has imposed a two-year moratorium on the expansion and diversification of the country's steelmaking industry, effective 15 August 2023. This would allow the Government sufficient time to thoroughly review and resolve the industry's challenges, assuring a sustainable future.

Further, MITI had established an Independent and Special Committee for Malaysia's iron and steel industry, reflecting a proactive approach to address key challenges and capitalize on opportunities within the sector, and to review and realignment towards achieving the objectives of the New Industrial Master Plan ("NIMP") 2030, including addressing issues of overcapacity. By addressing key challenges, capitalizing on opportunities, and providing strategic guidance, the committee aims at enhancing the industry's contribution to the country's economic development and industrial transformation efforts.

Corporate Development

In 2023, the Group completed an internal corporate reorganisation with the creation of the divisional holding companies for the three divisions in order to pursue its goal of achieving greater operational efficiency and business expansions, as follows :

- Ann Joo Steel Berhad ("AJSB") as the divisional holding company of the Upstream Steel Division;
- Ann Joo Metal Sdn Bhd ("AJM") as the divisional holding company of the Downstream Steel Division; and
- Ann Joo Green Energy Sdn Bhd ("AJGE") as the divisional holding company of the Green Technology Division.

This new corporate structure enables the respective business divisions to pursue their own distinct aspirations and strategies through enhanced operational efficiency, improved management focus and accountability, customised capital management initiatives, and improved access to equity and capital markets for future business expansions.

As part of our Upstream Steel Division expansions, the Group announced that on 21 June 2023, Konsortia Etika Sdn Bhd, a 55% subsidiary of the Group, acquired 102,000 ordinary shares in Perfect Channel Sdn Bhd ("PCSB") and subscribed for 100,000,000 new ordinary shares in PCSB for a total cash consideration of RM10,100,000. PCSB becomes a subsidiary of the Group following the shares acquisition and shares subscription.

PCSB is principally engaged in the manufacturing of hard drawn wires, galvanised steel wires and other wire products. The setup of its wire rod mill is capable of rolling engineering grade wire rods. The revival of PCSB's rolling mill is in line with the Group's vision of developing engineering grade steel production, through integration with the Group's Upstream Steel Division. With the acquisition of PCSB, the Group's Upstream Steel Division will be able to resume wire rods production in the short term and expand into engineering grade of wire rod production in the long term, enhancing business efficacy and synergistic benefits.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

The Group's Downstream Steel Division is broadening beyond its conventional practices of steel coil and plate shearing and slitting. This expansion entails an investment in the Tailored Welding Blank ("TWB") project, which aims at producing value-added plate products through Anshin Steel Service Centre Sdn Bhd ("ASSC"). TWB components are extensively used in the automotive industry, serving companies like Proton, Perodua, UMW, among others, for various applications such as side frames, doors, pillars, and rails.

Anshin Steel Processor Sdn Bhd ("ASP"), a wholly owned divisional subsidiary of the Downstream Steel Division, is expanding its operations by introducing a new pipe forming production line, which incorporates value-added processes such as advanced roll bending and cutting-edge Submerged Arc Welding (SAW) facilities designed specifically for steel pipe pile production. With this innovative move, ASP is positioned as a comprehensive value-added hub for the fabrication and construction sectors. By providing profile cutting, shearing and comprehensive pipe forming services all under one roof, ASP gains a significant competitive edge in the market.

Saga Makmur Industri Sdn Bhd ("SMI") expands its cut to length (CTL) and cut and bend (C&B) of rebar to provide added value service of threaded rebar and coupler business which widely used for mega infrastructure and building construction project. This expansion greatly improves SMI's competitive edge in the market.

Through the Green Technology Division, the Group is proactively refining its business strategies to uphold our sustainability commitment by embedding ESG sustainability practices into our business decisions and operations, which creates long-term sustainable value for our stakeholders. Along with the global target for decarbonisation and as part of our ESG journey, the Group recently announced that Ann Joo Green Energy Sdn Bhd ("AJGE"), together with Jaks Solar Power Sdn Bhd and Fabulous Sunview Sdn Bhd, have been successfully selected as a Solar Power Producer under the Corporate Green Power Programme to undertake the development and implementation of 29.99MWac ground-mounted solar photovoltaic project.

Strategic Direction

Continuing our steadfast commitment to sustainable growth, we are proactively pursuing organic expansion opportunities, potential mergers and acquisitions, and effective business collaborations with strategic partners and associates. Our overarching vision is to emerge as the premier steel group not only in Malaysia but across Southeast Asia.

The Group is strategically positioned to augment its market presence in the region by capitalizing on market opportunities and expanding the business operations of all three distinct business segments: Upstream Steel Division, Downstream Steel Division and Green Technology Division. Through this holistic approach, we aim to achieve long-term sustainable growth and create value for all stakeholders.

Aligned with the global mission to achieve carbon neutrality by 2050, Ann Joo has taken significant strides towards contributing to the decarbonization journey. We aspire to invest in green initiatives as part of our ESG journey, integrating them into our business operations and advancing our environmental sustainability agenda.

As we navigate through the challenging year of 2024, we remain confident that by leveraging on our core competencies and adapting to external market forces, we will be well-equipped to meet current and future market demands. To uphold a steady and sustainable growth trajectory, we will continue to take a proactive approach and refine our business strategies in order to effectively weather the market turbulence.

SUSTAINABILITY STATEMENT

MESSAGE FROM THE GROUP MANAGING DIRECTOR

Dear Stakeholders,

On behalf of Ann Joo's Board and Management, I am pleased to present our Sustainability Report for the year 2023. This report provides a comprehensive overview of our commitment to sustainability and our progress in integrating Environmental, Social, and Governance ("ESG") principles into our business decisions and operations.

2023 has been challenging for the steel industry as we navigated through a year of volatility. While the first quarter of the year had seemed promising given the optimism surrounding China's economic reopening, this optimism faded as demand did not meet expectations. The property crisis in China and the insufficient impact of its stimulus package to revive the Chinese economy further dampened steel demand. At the same time, geopolitical tensions throughout 2023 led to a fragmented global economy as conflict between major powers began to create rival economic blocs. These persistent global supply chain disruptions continue to impact industries worldwide, including the steel industry.

Meanwhile, the Malaysian economy started to feel the delayed effects of tightened monetary policy after Bank Negara Malaysia ("BNM") increased the Overnight Policy Rate ("OPR") four times since May 2022. As a capital-intensive industry, this translates into higher borrowing costs which puts a strain on Ann Joo's operations. Similar monetary tightening policies in advanced economies, notably the US, have also caused spillover effects in Malaysia in the form of more restrictive financial conditions and slower exports. Local growth has also been sluggish given the muted rollout of mega infrastructure projects, which, in turn, have led to a lack of catalysts to boost domestic steel demand.

Despite these challenges, Ann Joo has continued our proactive and strategic approach by tapping into industrialisation and increasing business capacity by focusing efforts on mergers and acquisitions. One of our significant initiatives in 2023 was the acquisition of a majority stake in Perfect Channel Sdn Bhd ("PCSB") from Kinsteel Sdn Bhd by our subsidiary, Konsortia Etiqa Sdn Bhd ("KESB"). This acquisition is part of our strategic expansion plans to diversify the Group's business into property development and property investment in the industrial segment. It will also allow our Upstream Steel Division to expand into the production of engineering-grade steel wire rods by leveraging PCSB's plant and machinery equipment.

While the challenges in 2023 tested the resilience of Ann Joo, they also brought to light the importance of sustainable ESG principles for the Group's business continuity. The Group's efforts to promote energy optimisation and increase resource efficiency have allowed us to minimise our dependence on natural resources while improving overall operational performance. At the same time, our commitment to fair labour practices and stakeholder engagement has fostered a motivated workforce and built trust with our investors and stakeholders. This has been crucial for our stability.

In 2023, we made significant strides in our ESG journey through the establishment of a comprehensive sustainability roadmap. This strategic framework serves as both a guideline and a call for action, ensuring that all members of the Group across our value chain can clearly understand the sustainability vision we aspire to achieve. By relying on this roadmap, we aim to track our sustainability performance better and gauge our performance against our peers in the industry. More importantly, with such a clear guideline in place, we have been able to define relevant KPIs and targets. These quantifiable metrics span various key ESG aspects, allowing us to track progress, identify areas for improvement, and equip Ann Joo's leadership to continue making informed decisions regarding the Group's business strategies.

In our commitment to environmental accountability, we have also begun reporting Greenhouse Gas ("GHG") disclosures, a crucial step in our sustainability journey. By tracking data points related to the Group's carbon emissions and careful analysis of these data points, we have gained valuable insight into our carbon footprint. Using this information, we can then pinpoint the areas of our business operations that contribute the most emissions and strategize better ESG initiatives to tackle emission reduction.

SUSTAINABILITY STATEMENT (CONT'D)

The Board and Management of Ann Joo understand very well that tracking and disclosing our GHG emissions is a critical step in preparing the Group for potential climate change risks. It is undeniable that climate change is one of the more pressing environmental concerns facing the world today, and beginning to identify our sources of emissions and planning on emissions reduction pre-emptively helps us prepare for potential challenges, such as regulatory changes and natural disasters. As such, we believe that our GHG tracking and disclosures are a first step for the Group to understand and manage climate risks and align our business with the transition to a low-carbon economy.

In line with our proactive approach to addressing climate change challenges, over the past year, we have intensified the Group's commitment to decarbonising our operations. We have strategically promoted the adoption of renewable energy sources in line with our aspirations to achieve carbon-neutral and net zero emissions across Ann Joo's entire value chain. At the same time, we have been leveraging strategic partnerships to drive our decarbonisation journey further. One such instance is our involvement in the Corporate Green Power Programme ("CGGP"). Under this programme, the Group together with its consortium partners, has been allocated an export capacity of 29.99MW of solar energy, ultimately solidifying our presence in the green energy sector.

Looking ahead, we remain committed to enhancing our ESG performance and delivering sustainable value to all our stakeholders. We are constantly looking for opportunities to incorporate sustainable ESG practices into our operations and believe that continuous improvements on this front can ensure the long-term success of Ann Joo.

While we have a long way ahead, we are proud of the steps the Group has taken to make Ann Joo a more respected and sustainable player in the manufacturing industry. We are equally committed to engaging with our stakeholders in all ESG efforts, ensuring an inclusive approach that considers the interests of all parties involved.

With the unwavering support of our dedicated team and loyal stakeholders, we are confident that we can make a positive impact on the environment and society while driving sustainable business growth. We look forward to sharing our future goals and aspirations in relation to the various ESG topics in this report. Thank you for your continued support.

Dato' Lim Hong Thye
Group Managing Director

SUSTAINABILITY STATEMENT (CONT'D)

ABOUT THIS REPORT

Ann Joo Resources Berhad and its subsidiary companies, also referred to as “Ann Joo” or “the Group,” is delighted to present its annual sustainability report, known as “SS2023”. This report offers a comprehensive assessment of Ann Joo’s environmental, social, and governance (“ESG”) impacts during the financial year that concluded on 31 December 2023 (“FY2023”).

GUIDELINES AND FRAMEWORKS



This Sustainability Statement has been prepared in accordance with the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Sustainability Reporting Guide (3rd Edition).

Other frameworks and guidelines referenced in the preparation of this report include:

- Malaysian Code on Corporate Governance (“MCCG”) 2021
- Global Reporting Initiative (“GRI”) Standards 2021 Core Option
- FTSE4Good Sustainability Index
- United Nations Sustainable Development Goals (“UNSDGs”)

The GRI principles include involving stakeholders, considering sustainability context, identifying material topics, and ensuring completeness, accuracy, balance, clarity, comparability, reliability, and timeliness in the selection of subjects and information to be included.

REPORTING SCOPE AND BOUNDARY

Unless stated otherwise, SS2023 encompasses the timeframe from 1 January 2023 to 31 December 2023. Historical data has been included whenever feasible to facilitate a meaningful comparison of the Group’s ESG performance for the reporting year and its changes over time. In addition, three years of performance data for all common sustainability indicators have been provided, in adherence to Bursa’s requirements.

The statement’s scope extends to Ann Joo’s core business divisions, encompassing the Upstream Steel Division, Downstream Steel Division, and Green Technology Division.

SUSTAINABILITY STATEMENT (CONT'D)

EXCLUSIONS, LIMITATIONS AND DISCLAIMERS

Ann Joo is dedicated to integrating its sustainability practices throughout the entire Group and disseminating its ESG commitments to its business partners, suppliers, and contractors. The Group is also in the process of implementing a more comprehensive ESG data collection process to address any remaining gaps in its sustainability reporting within its operations, particularly on the supply chain-related social and environmental assessment.

Readers should be aware that forward-looking statements within this report, which pertain to future plans, goals, and expectations, are made with reasonable assumptions based on current business trajectories. Actual results and actions taken may vary as Ann Joo adjusts its business strategies and operational decisions in response to emerging risks, opportunities, and changing circumstances.

DATA QUALITY AND ASSURANCE

The information provided in this report has been sourced internally and verified by the relevant business units or senior management to ensure accuracy and quality. The Group is committed to its ongoing efforts to enhance its data collection and analysis processes.

The financial data included in SS2023 has undergone an independent audit and assurance process carried out by an external auditor. This ensures the accuracy and reliability of the financial information presented.

Similarly, the Group's Assurance and Advisory team have internally assessed the key non-financial ESG (Environmental, Social, and Governance) information, encompassing Common Sustainability Topics and various Sector-Specific topics to align with the recommended practices outlined in the Bursa Malaysia Sustainability Reporting Guide 3rd Edition ("SRG3"). Additional information regarding the internal assurance statement can be located in the Appendix section.

REPORT AVAILABILITY AND FEEDBACK

The SS2023 is available for download on Ann Joo's corporate website as part of the Group's 2023 Annual Report.

Ann Joo values stakeholders' feedback on this report and its contents to improve our sustainability reporting and ESG practices continuously. Comments or queries can be directed to:

Company Secretary

enquiry.cosec@annjoo.com.my

SUSTAINABILITY STATEMENT (CONT'D)

ANN JOO'S PARTICIPATION AND CONTRIBUTION TO INDUSTRY DEVELOPMENT AND ECONOMIC GROWTH OF THE COUNTRY

Ann Joo holds membership in various reputable professional bodies and industry associations. These affiliations demonstrate our commitment to staying informed and connected within the industry. The Group is actively engaged in and supportive of the development of the local and regional iron and steel industry by supporting industry policies that encourage expansion initiatives within the local and regional iron and steel sectors, which in turn contributes to the economic development domestically and regionally.

Significant contributions have been made through various industry leadership roles in national and regional iron and steel industry associations outlined below.

Membership Association	Leadership and Contributions	Representative
Malaysian Iron and Steel Industry Federation ("MISIF")	Actively assisting and supporting members in conducting their business efficiently and successfully provides the opportunity to lead in industry policy inputs and decision-making.	Dato' Lim Hong Thye, President Dato' Lim Aun Chuan, Vice President II Ms Loo Ling Hong, Council Member
Malaysia Steel Council ("MSC")	Ensuring the competitiveness of the iron and steel industry in Malaysia, the role includes overseeing, developing, and consistently aligning the implementation milestones and roadmap, encompassing governance mechanisms.	Dato' Lim Hong Thye, MISIF's official representative
Malaysia Steel Institute ("MSI")	Provides advisory services and undertakes, commissions, or promotes studies on the scientific, technological, and economic aspects of iron and steel industry development in Malaysia. This is through actively promoting the standardisation and utilisation of iron and steel products within the country.	Dato' Lim Hong Thye, Board Member
South East Asia Iron and Steel Institute ("SEAISI") & ASEAN Iron and Steel Council ("AISC")	Encouraging and promoting the development of the iron and steel industry in Southeast Asia through regional cooperation.	Dato' Lim Hong Thye, Director of SEAISI & Vice President of AISC
Federation of Malaysian Manufacturers ("FMM")	Ensuring Malaysian manufacturing industries are globally competitive.	Dato' Lim Hong Thye, Council Member & Chairman of the FMM Buy Made-in-Malaysia Committee

SUSTAINABILITY STATEMENT (CONT'D)

To stay abreast of the latest developments in the iron and steel industries, Ann Joo Group and its Senior Leadership Personalities participated in various key events, including notable international and local events.

Notable key international events include:

- SEAISI 88th Finance Committee Meeting via virtual platform
- SEAISI The 108th Board Meeting SEAISI and The 52nd Annual General Meeting (AGM) via virtual platform
- The AISC-ISA Signing Ceremony and Dialogue via virtual platform
- SEAISI 52nd Annual General Meeting via virtual platform
- Dialogue with China Iron and Steel Association (CISA) at Hilton Hotel Petaling Jaya
- 2023 Kajang International Forum at Xiamen University Malaya
- Roundtable Conference at the 2023 Kajang International Forum (Nurturing Culture through Commerce: The Dissemination and Impact of the Kajang Spirit) at the Kuala Lumpur and Selangor Chinese Assembly Hall
- 10th Anniversary Dinner and the Eighth Chen Kajang Spirit Award Presentation Ceremony at Wisma Huazong. Opening Ceremony of International Construction Week (ICW) 2023 at Malaysia International Trade and Exhibition Centre
- The 29th AISC Meeting at Raffles City Convention Centre, Singapore
- The 9th AISC-KOSA Dialogue at Raffles City Convention Centre, Singapore
- The 90th SEAISI Finance Committee Meeting at Raffles City Convention Centre, Singapore
- SEAISI The 109th Board Meeting at Raffles City Convention Centre, Singapore

Notable key local events include:

- MSI Board of Directors meeting
- MSI Annual General meeting
- MSI Tender Procurement Committee Meeting
- MISIF Presidential Committee Meeting
- MISIF Council Meetings
- MISIF Annual General Meeting
- MISIF Steel Mills Group Meeting
- FMM-China Chamber of International Commerce (CCOIC) - China Council for the Promotion of International Trade (CCPIT) Dialogue on Trade and Investment Opportunities
- FMM Council Meetings
- FMM Extraordinary General Meeting
- FMM Swearing in Ceremony
- NCCIM Economic Forum at Kuala Lumpur Convention Centre
- Working Group for Malaysia Steel Council (WG-MS) Meeting No. 1/2022
- Meeting on Foreign Worker Employment Issues in The Manufacturing Sector
- MISIF 2023 Trade Forum - Navigating Global Market Dynamics for a Sustainable Future in the Iron & Steel Industry

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY AT ANN JOO

At Ann Joo, sustainability is not just an ethical obligation, but a strategic lever that underpins our value-creation model. The integration of sustainability into our operations enhances long-term profitability by reducing operational costs through efficient natural resource use and energy management. At the same time, it bolsters resilience by allowing us to identify and mitigate potential risks, ensuring the Group's value creation model remains relevant in the face of changing environmental conditions and regulations. Placing sustainability as a cornerstone of our business approach also allows us to position ourselves as a responsible and forward-thinking player in the market, strengthening our competitive advantage in the process.

OUR SUSTAINABILITY MILESTONES

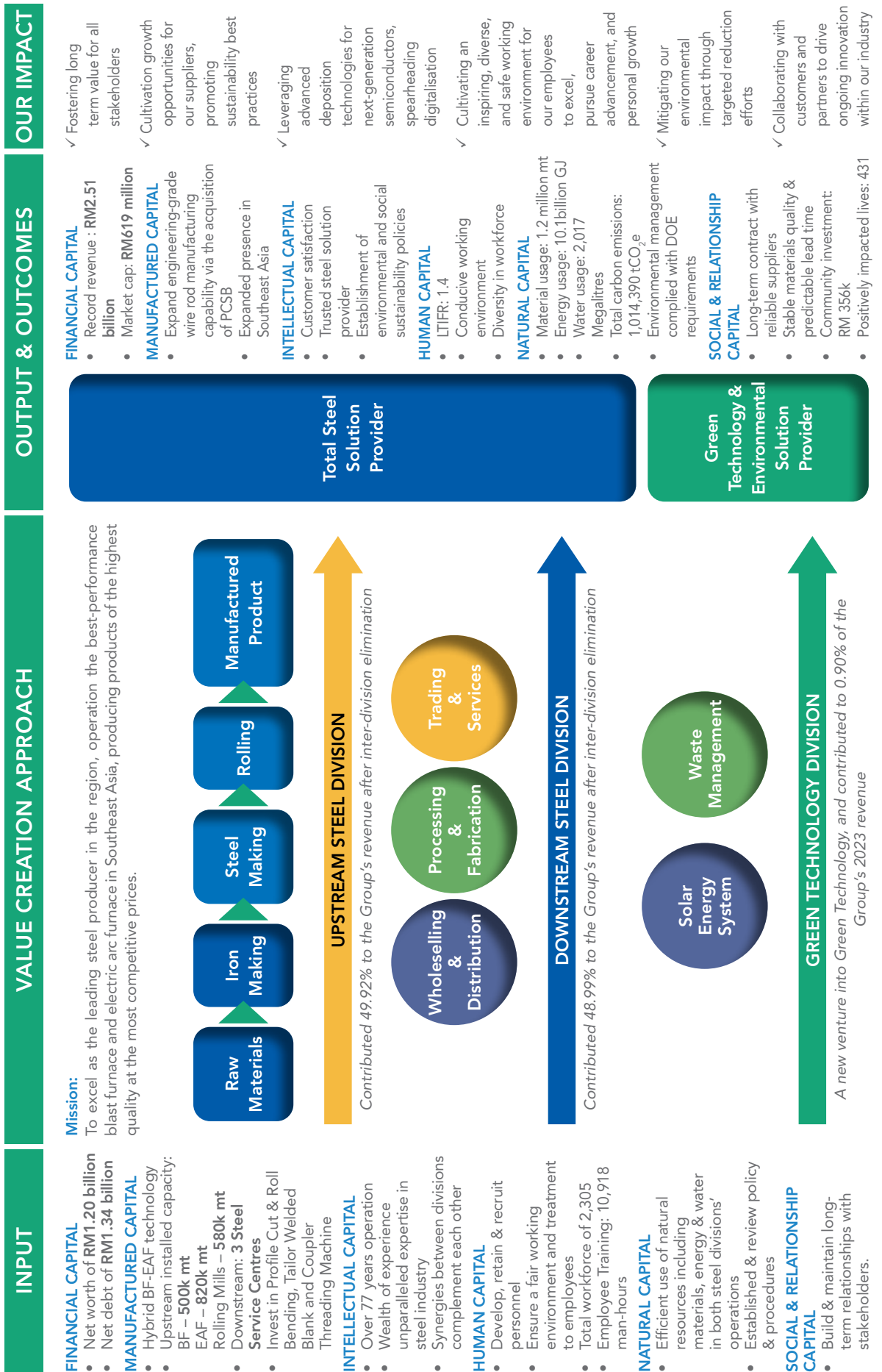
Ann Joo has steadfastly committed to harmonising the Group's corporate objectives with sustainability principles since 2007, prioritising the environment's and local communities' enduring well-being. Originating as a singular, targeted initiative, this endeavour has evolved into a comprehensive strategy, underscoring the pivotal role of collaborative and unified efforts in our sustainability pursuits.

2007-2008	Initiated ESG-related disclosure on Corporate Social Responsibility.		Enhanced reporting scope to include Environmental Management System (ISO 14001) standards.	
2009-2016	Enhanced disclosures on Corporate Responsibility.		Initiated disclosures on Environmental Sustainability.	
2017-2021	Published first sustainability statement encompassing Economic, Environmental, and Social ("EES") topics.		Continued providing comprehensive sustainability disclosures.	
2022	Established Green Technology Division in pursuing opportunities for business expansion in the green technology and environmental solutions sectors.		Engaged with an independent third-party consultant as a voluntary initiative to analyse GHG emissions for its operations, in accordance to the framework of ISO 14064-1:2018	
2023	Established ESG KPIs and Targets.	Enhanced compliance to Bursa's common sustainability indicators.	Alignment of report to FTSE4Good and UNSDGs	Initiated GRI content index and Task Force on Climate-Related Financial Disclosures ("TCFD") disclosures to best align with sustainability reporting frameworks.

SUSTAINABILITY STATEMENT (CONT'D)

OUR VALUE CREATION

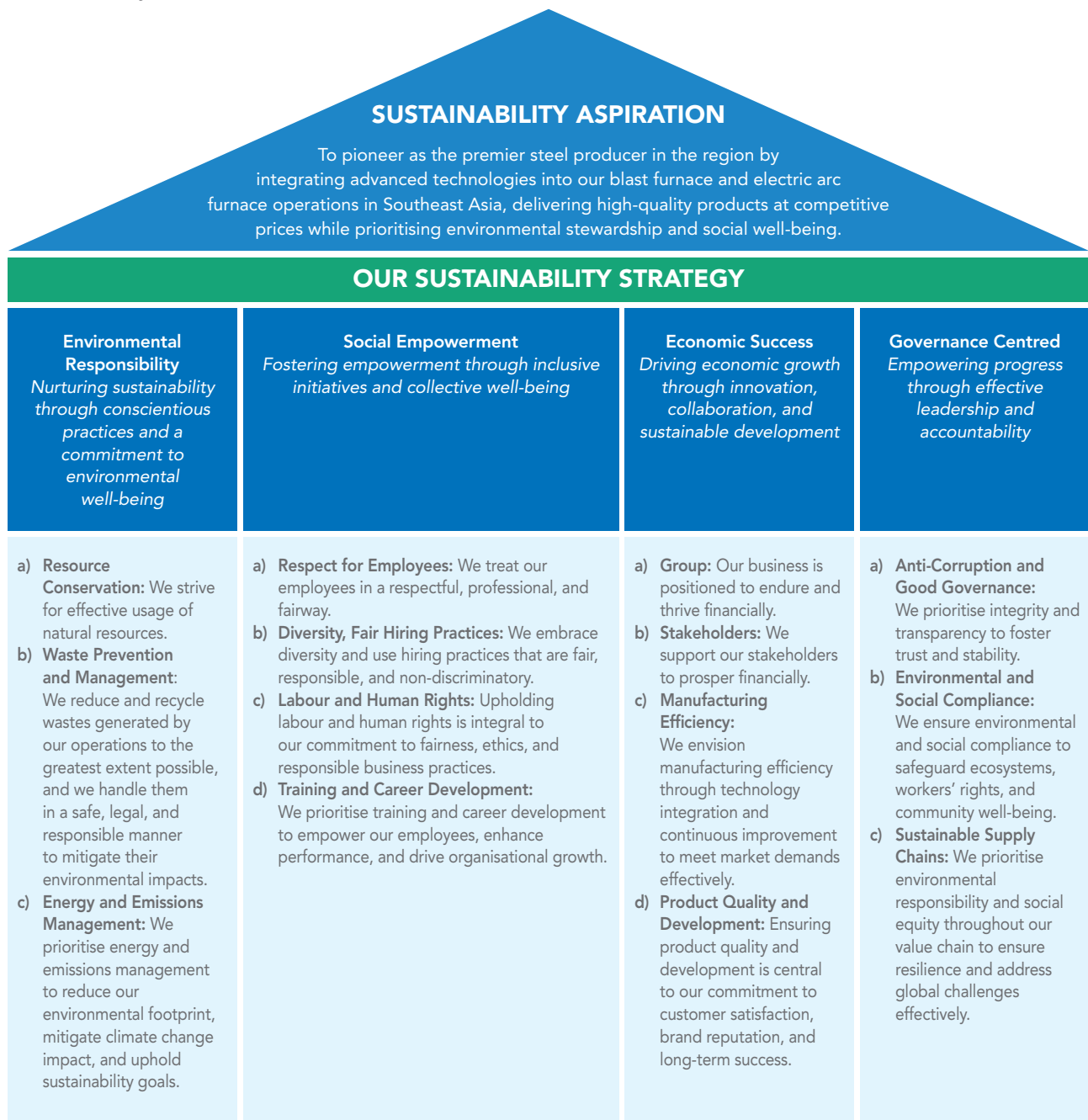
Beyond internal operations, we recognise the potential of sustainability as a revenue-generating value-creation channel. Exemplifying this approach is our Green Technology division, a new venture focusing on solar energy systems and waste management. Despite its current small contribution to the Group's overall revenue, this initiative represents our strategic investment in leveraging sustainability for the innovative expansion of our value creation model.



SUSTAINABILITY STATEMENT (CONT'D)

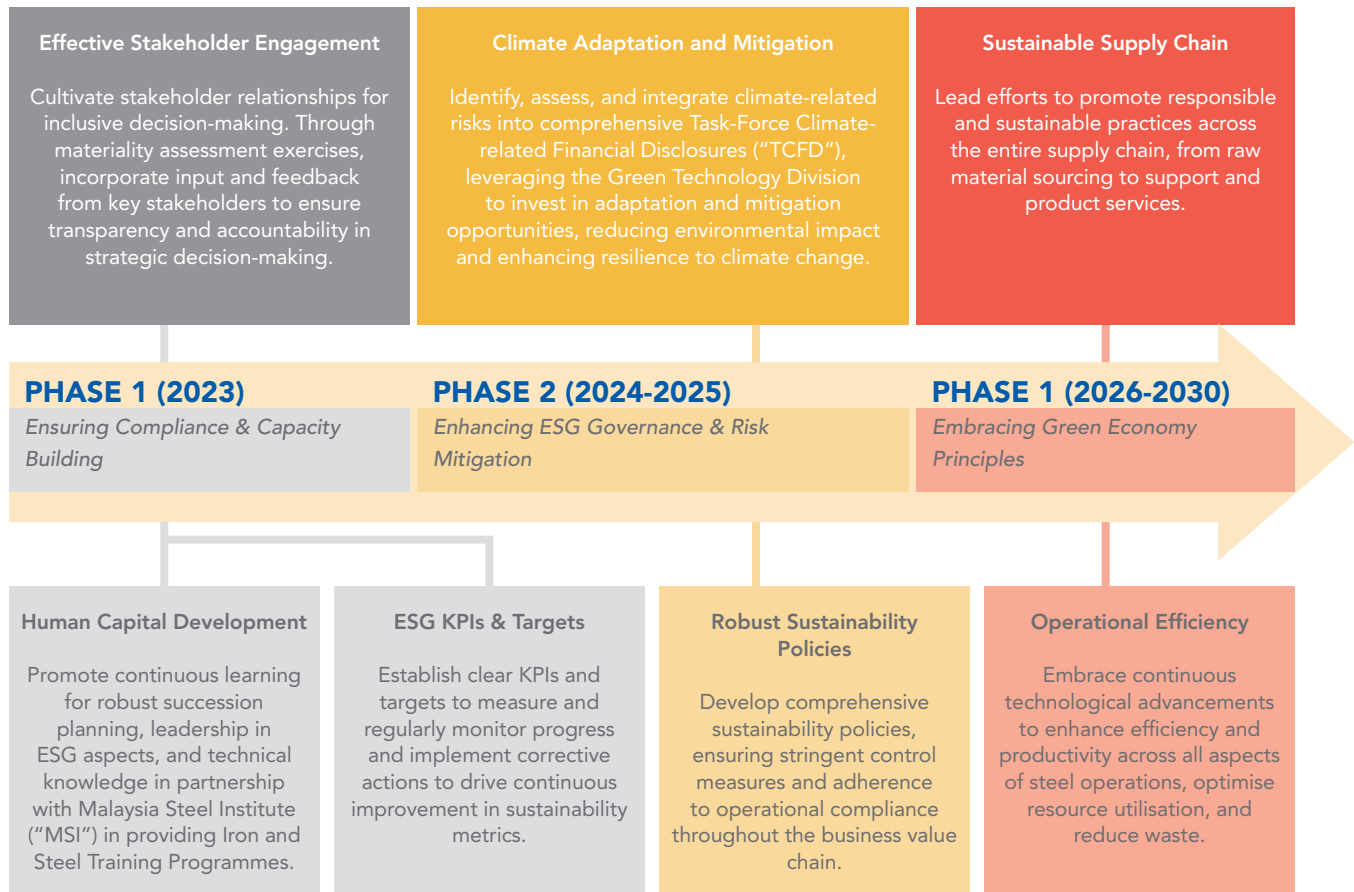
SUSTAINABILITY STRATEGY AND ROADMAP

Ann Joo is profoundly dedicated to sustainability, with this ethos deeply ingrained in our operations through four main pillars – Environmental Responsibility, Social Empowerment, Economic Success, and Governance Centred. These principles guide our business strategies, fostering operational efficiency and long-term resilience. The Group prioritises environmental and social stewardship, ensuring our operations positively impact the environment and surrounding communities. Simultaneously, we drive economic value creation through resource efficiency and innovative processes, while our responsible governance practices ensure transparency and accountability across all levels of the organisation. The phased sustainability roadmap demonstrated below underscores Ann Joo's steadfast dedication and commitment to sustainability resilience.

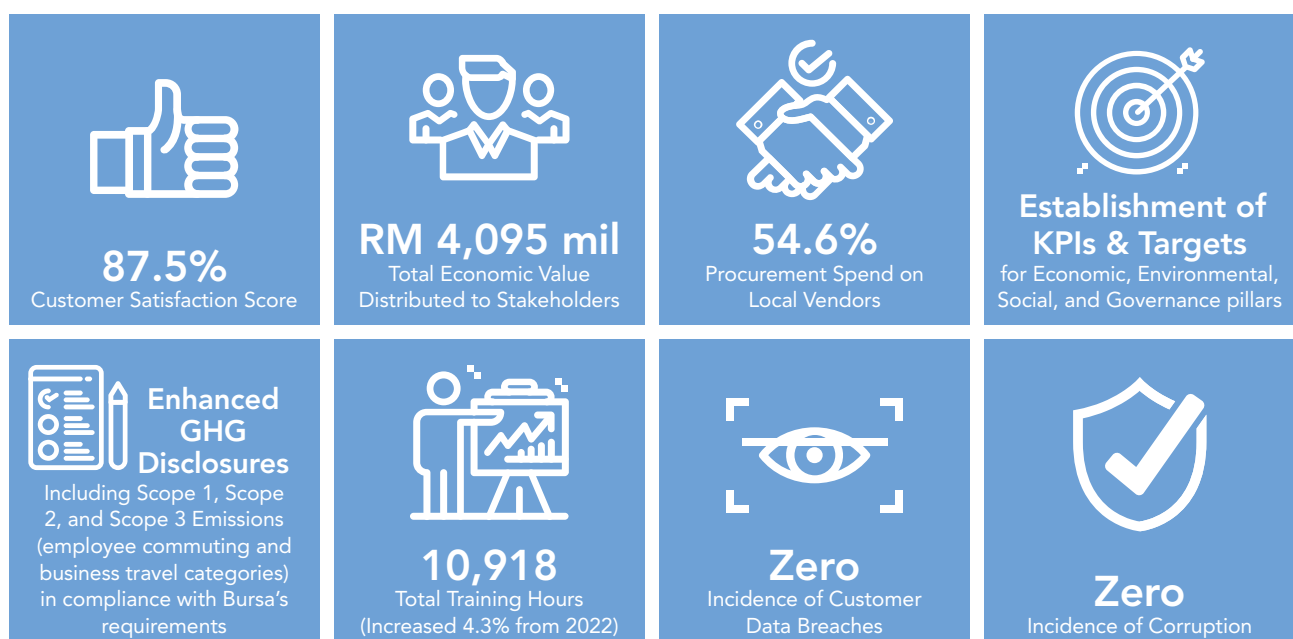


SUSTAINABILITY STATEMENT (CONT'D)

OUR PATHWAY TO SUSTAINABILITY RESILIENCE



In 2023, we have identified key performance indicators integral to our sustainability strategy, as encapsulated in the following highlights:



SUSTAINABILITY STATEMENT (CONT'D)

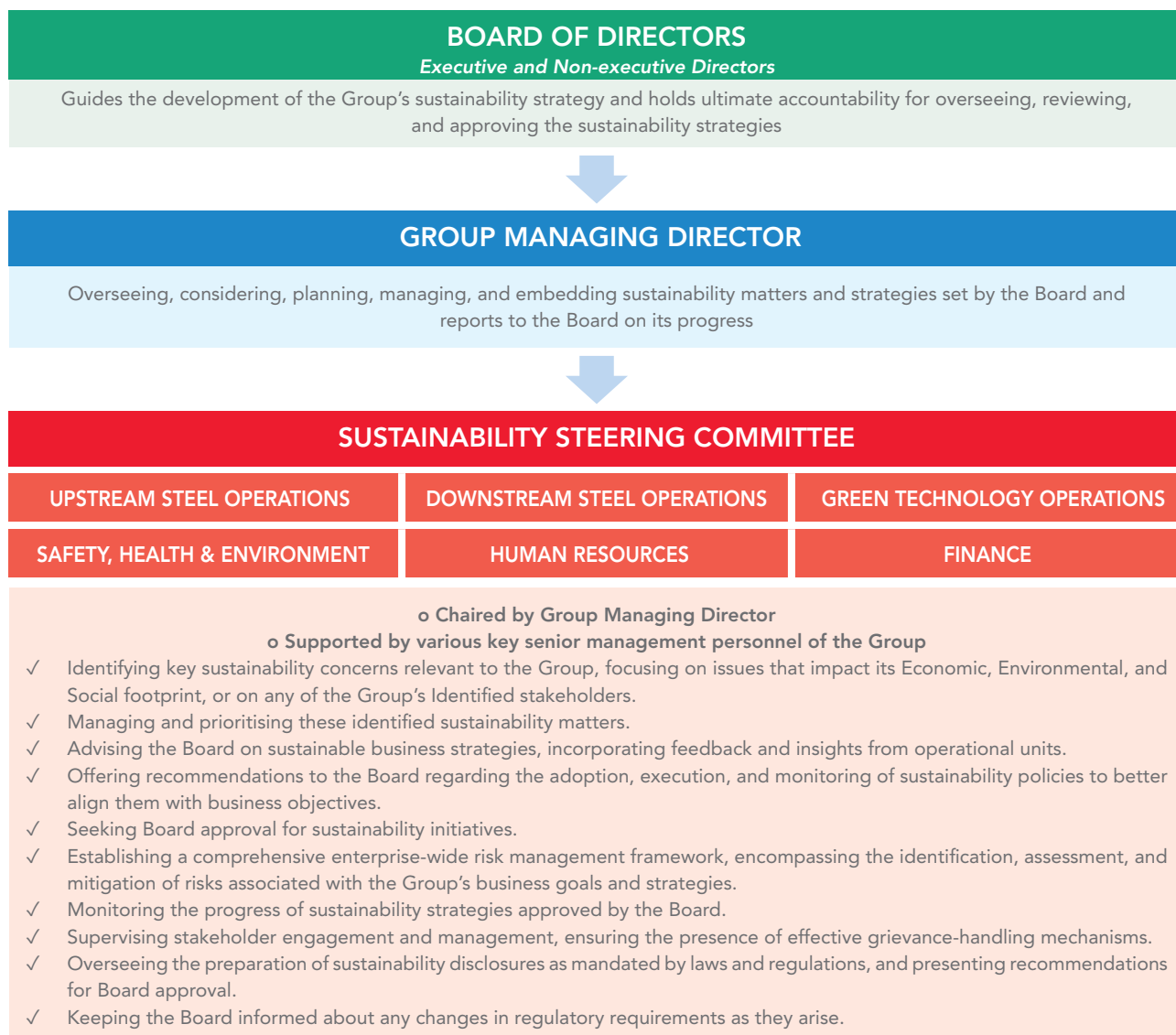
Sustainability at Ann Joo is a collective responsibility, with cross-functional collaboration at the core of our strategy. This collaboration spans across the entire Group, ensuring consistency in mitigating potential risks and driving wholesale adoption of sustainability in every aspect of our operation.

Additionally, we emphasise consistent monitoring and evaluation of our sustainability efforts. This allows us to assess the effectiveness of our sustainability strategy, identify potential areas of optimisation, and make data-driven decisions that not only bolster our economic success and operational efficiency but also reinforce our commitment to environmental and social responsibility.

SUSTAINABILITY GOVERNANCE

Aligned with our Sustainability Strategy, Ann Joo places significant emphasis on a robust sustainability governance structure, emphasising ESG awareness and promoting good corporate governance.

The Board of Directors oversees and approves the overall policies and initiatives, including those related to sustainability. The Sustainability Steering Committee ("SSC"), chaired by the Group Managing Director, supports the Board by executing, reviewing, and monitoring all sustainability initiatives, managed and reported by the Sustainability Working Group. This structure aims to manage and monitor sustainability impacts arising from the Group's business operations.



SUSTAINABILITY STATEMENT (CONT'D)

Clear Terms of Reference ("TOR") have been established for both committees to ensure accountability for sustainability. The committees meet annually to oversee the Group's sustainability objectives and key performance indicators. Various business segments within the Group are well-represented on these committees to ensure the effective implementation of the sustainability agenda across the Group.

Sustainability Policies

The sustainability policies at Ann Joo drive ESG integration and foster a culture of responsibility and accountability. We are committed to going beyond regulatory compliance and making ESG adoption an integral part of our business operations. With these robust policies in place, we actively promote a transparent and accountable organisation. The following outlines the Group's policies. For more details on each policy, please refer to our company's website at www.annjoo.com.my.

Policy	Description
The Board Charter	Outlines the roles and responsibilities of Board members, emphasising transparency, accountability, and compliance.
Director's Fit and Proper Policy	Ensures that directors are appointed and re-elected based on specific criteria, such as experience, skill, and integrity.
Whistle-blowing Policy	Ensures transparency, providing a safe and confidential avenue for raising concerns, including those on unethical behaviour such as corruption, harassment, unsafe practices, and more.
Anti-Bribery and Corruption Policy and Procedures	Ensures compliance with laws and regulations around bribery and corruption, while promoting ethical business practices. It also outlines control measures related to gifts, entertainment and hospitality, conflict of interest, dealing with public officials, due diligence, and reporting channels.
Code of Conducts and Ethics	Emphasises high governance standards, ethical business practices, and legal compliance expected from our workforce.
Human Rights Policy	Underscores our commitment to respecting and safeguarding human rights and labour standards, promoting fair treatment, and ensuring equitable practices across our operations and value chain.
Diversity Inclusion Policy	Emphasises our commitment to encourage diversity and inclusion within the workforce while promoting a discrimination-free working environment.
Sustainable Procurement Policy	Ensures that all aspects of our operations as well as the entire supply chain to uphold the highest ESG standards while promoting ethical and legal compliance business practices, particularly in relation to risk management, resource conservation, safety and health, human rights, and environmental stewardship.
Environmental Policy	Strives to mitigate the environmental impact of the Group's operations, particularly in regard to energy and resource consumption, climate change, waste and pollution, and water management, which in turn ensures biodiversity conservation.

SUSTAINABILITY STATEMENT (CONT'D)

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

As a responsible corporate entity, Ann Joo adopts several key sustainability frameworks, including the United Nations Sustainable Development Goals ("UNSDGs"). Our aspirations align closely with Malaysia's national aspirations to achieve full UNSDG integration and become a sustainably developed nation by 2030. With this in mind, the Group has identified several UNSDGs corresponding to our sustainability strategy pillars and meet our specific operational needs. These are:

	UNSDG Description	Strategic Initiatives
	Goal 3: Good Health and Well-being Ensure healthy lives and promote well-being for all at all ages.	Organised employee engagement initiatives, including sports and recreational activities to encourage a healthy lifestyle.
	Goal 4: Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	- Invested a total of 10,918 hours towards the training development program. - Significantly increased average training hours per employee.
	Goal 5: Gender Equality and Women's Empowerment Support gender equality at work for a diverse and inclusive culture, empowering everyone with equal opportunities and respect.	- Increased balance between male and female headcount across all employee levels and within the Board of Directors. - Maintained 100% retention rate post parental leave for all female staff.
	Goal 8: Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	- Prioritise all non-trading procurement expenditures to local suppliers. - Pursuing digital transformation and industrial automation.
	Goal 12: Responsible Consumption and Production Foster sustainable consumption and production practices in business operations.	- Enforced policy for energy usage reduction. - Promote industrial ecology to minimising waste generation.
	Goal 13: Climate Action Take urgent action to combat climate change and its impacts.	Promoting the use of energy efficiency alternatives and green technologies, such as the installation of solar systems and LED light replacement.
	Goal 16: Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	- Conducted a corporate risk assessment to address corruption. - Upholding anti-competition practices and contributing to economic growth.

SUSTAINABILITY STATEMENT (CONT'D)

By leveraging these UNSDGs as guidance, we have developed strategic initiatives that drive Ann Joo's sustainability efforts further. For example, using Goal 13 (Climate Action) as a benchmark, we have enhanced energy efficiency across the Group by adopting alternate and green energy systems such as solar power generation and LED light replacement. Similarly, our adoption of Goal 5 (Gender Equality and Women Empowerment) has increased the balance between male and female employees in the workforce and maintained a 100% retention rate for all female staff who came back from their maternity leave. As we look ahead, we remain committed to aligning ourselves more closely with relevant UNSDGs, driving our sustainability efforts forward.

ESG KPI & TARGETS

Ann Joo is ardently committed to integrating sustainable practices into our business decisions and operations. With deliberate focus and intentionality, we conducted an ESG Key Performance Indicators ("KPIs") and Targets workshop in 2023.

The Group has adopted the following targets which pave the way for Ann Joo to make a concerted effort towards driving effective change:

Material Topic	KPIs	Targets
Economic		
Product Quality and Development	Level of customer satisfaction	- Achieve 88.5% customer satisfaction score per annum.
	Level of product recalls/rejects	- Establish a baseline for product recalls/rejects in 2024.
	Level of customer complaints	<u>Upstream steel division:</u> - Maintain or lower than 0.8 complaints per every 100,000 MT sales per annum. <u>Downstream steel division:</u> - Complaints to not exceed the 2.0% threshold.
Sustainable Manufacturing	Level of recycled materials used	<u>Upstream steel division:</u> - 100% consumption of skull and steel scrap per annum. <u>Downstream steel division:</u> - Collect 10MT of reusable wooden pallets as packaging material for recycling from automotive customers for 2024.
	Percentage of recycled material in sinter blending (Internal dust, slag fines and sludge)	<u>Upstream steel division:</u> - Achieve combination consumption for up to 4.0% to 7.0% of input material or sinter production by 2024.
	Reduction in packaging consumption	<u>Downstream steel division:</u> - Reduce the ratio of packaging material consumption versus finished material to 0.05 MT Packaging material used / MT finished goods by 2024.
Supply Chain Management	Proportion of local procurement spending per annum	<u>Upstream steel division:</u> - Increase to more than 75.0% local procurement by 2025 based on expenditure for general purchases, raw materials and fuel materials. <u>Downstream steel division:</u> - Maintain local procurement spending of 50.0% per annum over total procurement spending for steel materials.

SUSTAINABILITY STATEMENT (CONT'D)

Material Topic	KPIs	Targets
Environment		
Energy Management	Solar energy consumption across operations	Increase solar power generation by 50.0% by 2028, this includes: <u>Upstream steel division:</u> - To complete an additional 2.6MWp PV solar installation by March 2024. - Apply for the Energy Audit Conditional Grant by 2024.
	Reduction in electricity intensity (total electricity kWh/RM million)	Complete 100% LED lighting use by 2024. <u>Downstream steel division:</u> - Reduce downstream Shah Alam operation total electricity intensity against production to 3 kWh/MT by 2023, and to 2.8 kWh/MT by 2025.
	Fuel consumption	- Establish data for diesel, nitrogen, oxygen, natural gas and Liquefied Petroleum Gas ("LPG") consumption by 2024
	Number of internal energy audits conducted per annum	<u>Upstream steel division:</u> Conduct two (2) internal energy audits per annum.
Climate Change and Emissions Management	Level of compliance with air emissions standards	Maintain full compliance with Department of Environment ("DOE") regulations.
	Establishment of baseline for Scope 1, Scope 2, and Scope 3 emissions	Establish a baseline for Scope 1, Scope 2, and Scope 3 emissions by 2024.
Water Consumption	Water consumption intensity by revenue (m ³ /RM' Mil.)	<u>Upstream steel division:</u> Reduce 5% water consumption intensity against revenue by 2025.
	Increase of recycled water/ rainwater harvesting use	<u>Upstream steel division:</u> Increase rainwater harvesting by 100% by 2028 at the Prai plant based on the 2022 baseline.
	Reduce water discharge during Cooling tower blowdown	<u>Upstream steel division:</u> Achieve zero water discharge per annum.
Environmental Stewardship	Conduct environmental monitoring per respective legal requirements	<u>Upstream steel division:</u> - Achieve 100% compliance in conducting the necessary environmental monitoring per respective legal requirements.
	Good resolution rate and timeliness for any DOE-issued field citation	<u>Upstream steel division:</u> - DOE citation closed according to the agreed timeframe.
Waste Management	Waste quantities directed to and diverted from disposal	<u>Upstream steel division:</u> - Establish a baseline for process solid waste in 2024. - Achieve a 90% recycling rate for process waste.

SUSTAINABILITY STATEMENT (CONT'D)

Material Topic	KPIs	Targets
Social		
Talent Management and Development	Training hours by job grade	- Management and Senior Management: Minimum 2 days (16 hours) of training per annum. - Executives and above: Minimum 1 day (8 hours) training per annum. - Non-executives: Minimum 4 hours training per annum.
	Employment of local workforce	- To adopt a minimum 80:20 ratio of local to foreign workforce.
	Employee appraisal submission	- Achieve 100% of local employees to be appraised per annum.
	Employee satisfaction scores	- Commence employee satisfaction survey in 2024 to establish a baseline.
	Employee turnover rate	- Reduce turnover rate by 1.0% in 2024 based on 2023 baseline.
Workplace Diversity	Level of men and women pay ratio	- Establish a baseline in measuring the pay ratio of men to women by 2024.
	Number of women in management executive roles	- Achieve a 65:35 ratio of men to women for executive and above levels by 2024.
	Number of women on the Board of Directors	- Add at least one (1) more female director to the Board by 2025.
Labour Practice and Standards	Resolution rates per annum by percentage	- Achieve a 95.0% resolution rate for reported complaints per annum.
	Percentage of staff trained on human and labour rights matters	- Achieve 90.0% of employees to be briefed on the Group's Human Rights Policy by the end of 2024.
Occupational Safety and Health ("OSH")	Level of fatalities per annum	Zero fatality cases for employees and contractors per annum.
	Lost Time Injury Frequency ("LTIF") rate	- Achieve an LTIF rate of 2.5 by 2025.
	Number of injuries per annum	- Zero accidents that result in permanent disability for employees and contractors in 2024. - Reduce the total number of recorded injuries by 10.0% by 2025 based on 2023 data.
	Number of near misses per annum	<u>Upstream steel division:</u> - Establish a baseline on near-misses per annum by 2024.
	Number of personnel trained on OSH matters	- Achieve a minimum of 50.0% of total employees to attend OSH-related training per quarter annually.
	Number of OSH training sessions held per annum	- Conduct a minimum of six (6) OSH-related training programmes per annum.
Community / Society	Number of CSR activities held per annum	- Conduct a minimum of eight (8) to ten (10) CSR activities per annum.
	Number of employee volunteer hours recorded on CSR activities	- Achieve a minimum of 160 cumulative volunteerism hours per annum.

SUSTAINABILITY STATEMENT (CONT'D)

Material Topic	KPIs	Targets
Governance		
Anti-Corruption	Number of proven incidences of corruption, breach of ethics/CBT or other forms of non-practice of corporate integrity across the Group	- Maintain zero proven incidences of corruption/breach of ethics/CBT per annum.
	Number of new hires, employees and suppliers briefed on MACC Section 17 and the Group's ABAC Policy	- Organise a minimum of one (1) anti-corruption training/briefing session via an online platform for all employees. - Achieve 100% of new hires per annum being briefed on MACC Section 17 and the Group's ABAC Policy during induction.
	Effective communication of the Group's ABAC Policy	- Establish dual language (English and Bahasa Malaysia) versions of the Group's ABAC Policy by 2024.
Data Privacy and Security	Number of substantiated cases of data breach per annum	- Maintain zero data breach cases annually.
	Implementation of Effective Governance for Cybersecurity and Data Protection	- Establish the Cyber Security Working Team by 2025. - Establish the Data Protection Policy by 2024.
Leadership and Good Governance	Level of training awareness and anti-corruption training for Board of Directors and Senior Management	- Organise a minimum of one (1) briefing per annum on the Group's ABAC Policy, Whistleblowing Policy and Code of Conduct to the Board of Directors, Senior Management and employees.
	Level of Board of Directors and Senior Management signed off on Ann Joo's Commitment to Code of Conduct	- Achieve a 100% Board of Directors and Senior Management to sign off on Ann Joo's Commitment to Code of Conduct.
	Board Effectiveness Assessment Score	- Achieve a score of 80% and above for the annual assessment of Board effectiveness.
	Sustainability-linked Performance Assessment for Senior Management	- Integrate sustainability performance KPIs into the performance evaluation for Senior Management by 2025, accounting for 10% of the overall performance assessment.
Sustainable Value Chain Practices	Number of suppliers committed to operating in accordance with the Group's environmental and social standards	- Achieve 5%-10% of substantial suppliers (based on procurement spend) to comply with the Group's environmental and social standards by the end of 2025.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT

Materiality is crucial for identifying core issues that can significantly affect the business, encompassing emerging risk factors and opportunities. This includes understanding how ESG topics may impact financial performance (financial materiality) and their broader effects on society, the physical environment, and the nation (impact materiality).

To assess materiality, insights from both internal and external stakeholders are gathered through a materiality assessment survey. Ann Joo determines its list of material topics by evaluating their importance and impact on the Group's business model and its stakeholders, considering the four pillars of Sustainability, which encompass Economic, Environmental, Social, and Governance ("EESG") matters.

MATERIALITY ASSESSMENT PROCESS

The most recent evaluation of material topics involved some minor adjustments to our materiality procedure, which involved actively seeking input from stakeholders and emphasising the topics' impact on value generation. Ann Joo made sure to take into account the feedback and perspectives of all the Group's esteemed stakeholders who are engaged in the Group's operations.

The materiality assessment process is outlined as follows:

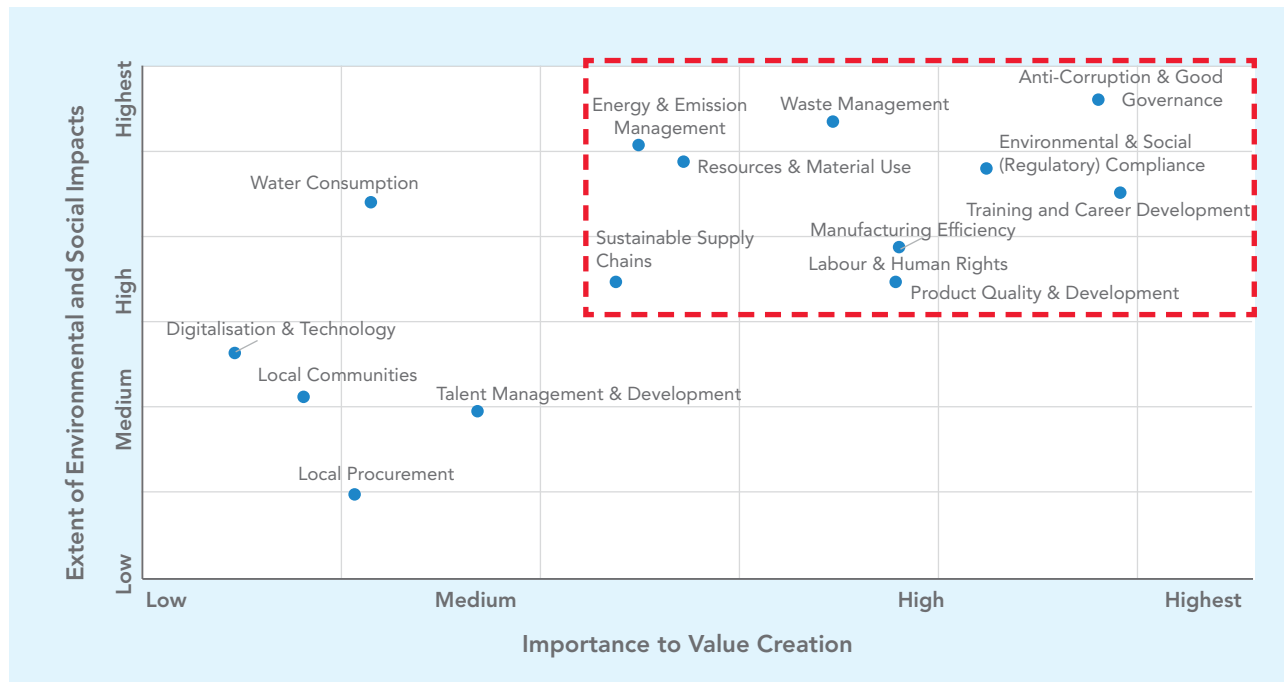
1. Identification	2. Assessment	3. Prioritisation	1. Validation
The Group has identified a list of sustainability topics based on various reporting frameworks, including Bursa Malaysia, GRI Standards, other pertinent sustainability reporting frameworks, prevalent industry themes, topics from the previous year, and insights from industry peers. Key stakeholder groups were identified to assess the materiality of these topics thoroughly, ensuring the Group prioritise stakeholder perspectives and interests. The recent survey received substantial participation from the Board, Management, as well as external stakeholders, lending credibility to the survey results.	Online survey questionnaires were sent to appropriate individuals to gauge the significance of sustainability topics relevant to this reporting period. Survey participants included both individuals within the Group and external stakeholders.	The material sustainability topics were ranked following the materiality assessment survey results. This procedure involved evaluating the relevance of these significant topics to Ann Joo and their significance to stakeholders. Subsequently, a materiality matrix was generated based on the survey outcomes.	The materiality matrix was then examined and shared with the Board and senior management for validation and approval. The matrix was subsequently presented to the Board, and it received approval from the Board.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY MATRIX

The results of the materiality assessment underwent thorough review and deliberation by both the Sustainability Steering Committee and the Board. This process is depicted in the materiality matrix presented below:

MATERIALITY MATRIX



Economic	Environmental	Social	Governance
- Product Quality and Development - Manufacturing Efficiency - Digitalisation and Technology - Local Procurement	- Energy and Emissions Management - Resources and Materials Use - Waste Management - Water Consumption	- Labour and Human Rights - Training and Career Development - Local Communities	- Anti-Corruption and Good Governance - Sustainable Supply Chains - Environmental and Social Compliance
UNSDGs IMPACTED			
8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

Stakeholders play a central role in Ann Joo's sustainability initiatives, and we place significant emphasis on prioritising their requirements in shaping our ESG direction. These stakeholders include individuals, groups, or organisations that either directly or indirectly impacted by the Group's business activities.

Their importance becomes particularly evident during the materiality analysis phase, where their unique needs, perspectives, and expectations serve as guiding factors for Ann Joo's business strategies and operational approaches. By considering the input of stakeholders, we ensure that our sustainability efforts align with the broader interests of the diverse communities and entities affected by our business operations.

Following a comprehensive materiality assessment conducted in 2023, valuable insights from stakeholders have strengthened Ann Joo's sustainability measures. Ongoing feedback remains crucial in guiding our efforts toward sustainable growth and prosperity.

Stakeholder Group	Engagement Channel	Material Concerns	Our Approach	Engagement Outcomes	Engagement Frequency
Employees Employees, including union and contract staff, form the backbone of our company. Aligned with the Group's vision, their dedicated efforts play a crucial role in executing the Group's strategies for business sustainability and growth.					
	- Day-to-day operations - Internal communications - Learning and skills development programme - Company announcement - Corporate website - Performance appraisal - Talent management programme - Manpower restructuring	- Health, safety, and environment - Anti-bribery & corruption - Well-being and mental health - Work-life balance - Human rights - Employee welfare	- Provide a safe working environment for our employees - Implement initiatives for employees' well-being - Flexible working arrangements - Promote health and safety program	- Improved employee morale and job satisfaction - Reduced turnover and talent retention - Streamlined workflows and increased employee productivity	- Periodically - As required - Daily - Weekly - Monthly - Quarterly - Annually
Customers Customers, as vital external stakeholders, play a crucial role in our long-term success by purchasing our products and services, contributing to our business's sustainability.					
	- Contractual arrangements & business transactions - Meetings and business communication - Customer services - Company announcements - Corporate website - Customer satisfaction survey - Communication on the Group's Policy	- Health, safety, and environment - Anti-bribery & corruption - Ethical business - Product and service quality and delivery - Product pricing and credit terms - Customer service quality	- Design distinct value propositions for each customer segment - Collaborate with strategic partners to deliver high-quality and competitive products - Participate in conferences covering a broad range of sustainability and industry-related topics such as renewable energy - Conduct anti-bribery and corruption sharing sessions	- Sustain customer loyalty and relationship - Quality management & assurance - Customer satisfaction	- Periodically - As required - Daily - Weekly - Monthly - Quarterly - Bi-annually - Annually

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Group	Engagement Channel	Material Concerns	Our Approach	Engagement Outcomes	Engagement Frequency
Vendors and Suppliers As one of the important stakeholders, we foster mutually beneficial relationships with vendors and suppliers to ensure long-term sustainable business growth.					
	- Contractual arrangements and business transactions - Meetings and business communication - Vendor evaluation and registration - Company announcements and press releases - Corporate website - Communication on the Group's policy	- Business performance - Continuous value creation - Health, safety, and environment - Anti-bribery & corruption - Ethical business practices - Product pricing and credit terms	- Strengthen partnership benefits - Enforce governance on the assessment of environmental and social impacts of suppliers - Business performance, planning and other commercial matters - Conduct anti-bribery and corruption sharing sessions	- Continuous supplies of excellent quality material from trustworthy vendors - Maintain good relationships with vendors/suppliers. - Expand the network for material and product sourcing	- Periodically - As required - Weekly - Daily - Monthly - Quarterly - Annually
Shareholder Shareholders, as the owners of our business, contribute capital to foster sustainable growth and equitable returns. They hold voting rights at general meetings.					
	- Company website - Announcements via Bursa Malaysia - Analysts briefings - Press releases - Meetings and conferences - Annual reports - Annual general meetings	- Delivery of robust financial performance - Maximised shareholder wealth - Sound public reputation	- Access to the Board members and management team - Strengthen communication frequency and disclosures - Improve disclosure materials with clarification of messages - Timely disclosure of key topics	- Generate sustainable growth and shareholders' returns - Enhance our shareholders' funds and boost financial performance - Building shareholder trust through transparent management and effective communication - Safeguard shareholders' interest by enhancing corporate value and shareholders' return	- As required - Quarterly - Bi-annually - Annually
Investors Investors, as potential shareholders, provide essential financial resources to support the sustainability of our business growth.					
	- Company website - Announcements via Bursa Malaysia - Analysts briefings - Press releases - Meetings and conferences - Annual reports	- Robust financial performance - Business risks - Public reputation	- Strengthen communication frequency and disclosures - Improve disclosure materials with clarifications - Timely disclosure of key topics	- Attract potential investors with enhanced corporate and business value - Generate sustainable growth and returns	- As required - Quarterly - Bi-annually - Annually

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Group	Engagement Channel	Material Concerns	Our Approach	Engagement Outcomes	Engagement Frequency
Financial Institutions Financial institutions contribute by providing financing products and services to our business, enabling financial support for expansion and growth.					
	- Contractual arrangements and business transactions - Financial reports - Meetings & business communications - Annual report - Company announcements - Corporate website - Analyst reports published by research institutes - Surveys	- Operational, commercial and financial performance - Growth project progress and deliverables	Engage with relevant financial institutions with common objectives	- Ensure credit management is conducted with efficient methods - Proactive balance sheet management to support the financial capability - Ensure the availability of financial resources for future business growth - Flexibility and availability of bank facilities	- Periodically - As required
Local Communities Engaging local communities is essential for companies as it builds trust, fosters collaboration, and aligns business practices with community values, ultimately enhancing reputation and fostering sustainable success.					
	- Education sponsorship - Financial contribution - Corporate website - Food supply donations for the community - Environmental conservation	Corporate social responsibility in collaboration with Yayasan Jasa Ann Joo	Invest in community development programmes	- Provision of scholarships to underprivileged scholars via Yayasan Jasa Ann Joo - Sponsorship to various charitable organisations - Investment in community welfare and infrastructure programmes	- Periodically - As required - Annually
Government and Regulators Authorities and regulatory bodies administer governing legislation and statutory requirements, ensuring lawful business operations. Additionally, they support industry efforts to contribute to the economic growth of the country.					
	- Statutory compliance - Industry-related initiatives and events - Keeping abreast with the developments of the relevant changes in the act, regulations, orders & SOPs for full compliance - Dialogues and meetings - Leveraging on e-platform for financial & non-financial assistance from authorities - Surveys and feedbacks	- Health, safety and environment - Anti-bribery and corruption - Ethical business practices - Compliance and regulations	- Anti-bribery and corruption awareness and training - Keep abreast of any changes in laws and regulations - Collaborate with relevant agencies with common objectives - Strengthen transparent communication with relevant bodies	- Better understanding of authorities' requirements and working together to ensure the Group complies with the highest standards - Better understanding of the strategic direction of the Government for the steel industry which enables the Group to strategically align its commercial business plans and direction - Government/ ministry incentives	- Periodically - As required - Annually

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Group	Engagement Channel	Material Concerns	Our Approach	Engagement Outcomes	Engagement Frequency
Industry Peers and Industry Associations Setting common industry goals and targets is crucial to enhancing mutual interests and positioning the industry at the forefront of Malaysia's industrialisation efforts.					
	- Industry dialogues and meetings - Industry-related initiatives and events - Industry reports - Company announcements - Corporate website - Surveys	- Leadership and fair competition - Product quality and development - Sustainable value chain practices - Corporate social responsibility - Social economic agenda	- Participation in industry dialogues and meetings - Keeping abreast of industry-related initiatives and events - Utilisation of industry reports for insights - Dissemination of company announcements to industry peers - Maintenance of a comprehensive corporate website - Implementation of surveys for feedback gathering	- Industry collaboration and exchange of ideas - As a collective industry group, to engage with the authorities and highlight issues to the Government more effectively for the benefit of the industry	As required

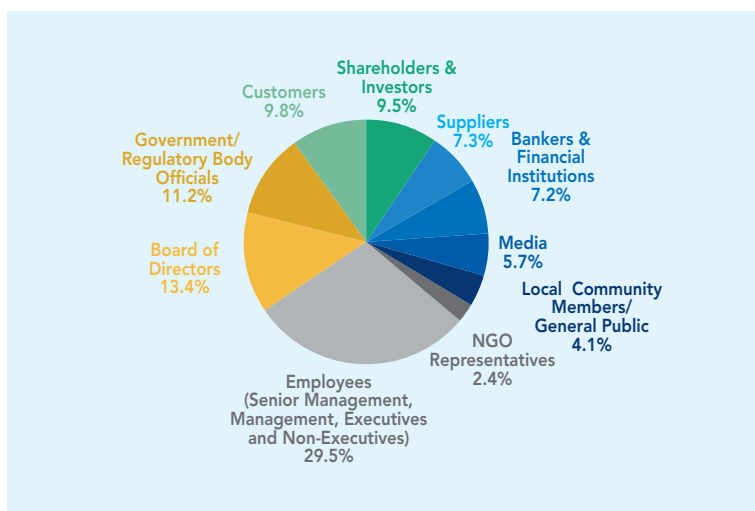
STAKEHOLDER PRIORITISATION

Prioritising stakeholders involves identifying key individuals or groups based on their potential impact on the Group and their influence on its success.

Ann Joo's approach is to focus on issues that exhibit both high stakeholder concern and significant business impact. By aligning sustainability strategies with business objectives, we aim to create value for both the Group and its stakeholders.

The stakeholder prioritisation ranking, derived from the materiality analysis conducted, is presented here.

STAKEHOLDER PRIORITISATION BY SCORE RANKING



SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC SUCCESS

Amidst dynamic economic landscapes, Ann Joo thrives by embracing innovation, optimising resource allocation, and delivering exceptional value to customers. Through prudent financial management and strategic investments in digitalisation and technology, we enhance operational efficiency and drive growth. Our unwavering focus on product quality, responsibility, and customer satisfaction further solidifies our position in the market and ensures lasting success.

DIRECT ECONOMIC VALUES

Ann Joo's sustainability strategy centres on generating economic value through its business operations and financial results. This approach includes a persistent emphasis on improving productivity, primarily through the utilisation of the hybrid Blast Furnace-Electric Arc Furnace ("BF-EAF") technology. The BF-EAF technology offers operational flexibility, allowing the Group to adapt to volatile market conditions, encompassing feed material selection, production mode, product mix, market selection, and pricing strategies. As a result, this strategy contributes to financial creation.

The table below illustrates the economic value distributed to its various stakeholder groups over the past three years:

Economic Value Distributed

Covering spending on procurement, payouts to employees, taxes to the government, financial transactions with financiers, and dividends to shareholders, showcasing the Group's impact on stakeholders and the economy.

Direct Economic Value Generated (RM '000)



Total spends on procurement (RM '000) 2023: 2,438,324 2022: 3,313,410 2021: 2,241,441	Total payout to employees in salaries and benefits (RM '000) 2023: 135,734 2022: 125,976 2021: 118,612	
Taxes paid to the government (RM '000) 2023: 11,366 2022: 19,305 2021: 18,640	Total Borrowings Sum (RM '000) 2023: 1,456,144 2022: 1,229,420 2021: 1,021,682	Dividend returns to shareholders (RM '000) 2023: 1,732 2022: 35,228 2021: 34,689
Retained Earnings (RM '000) 2023: 522,729 2022: 524,901 2021: 691,014		

In 2023, the Group experienced a slight decline in revenue compared to the previous year, primarily attributable to reduced sales tonnage in the steel divisions and lower average selling prices of steel products. Despite the challenges faced in 2023, the Group remains resilient and has implemented several strategic measures to navigate through the market fluctuations. Efforts to streamline operations, optimise efficiency, and explore new opportunities are underway to bolster future growth prospects which are to be covered in the following sections of the annual report.

For a comprehensive understanding of the Group's financial performance and strategic outlook, readers are encouraged to refer to the Group's financial statement in the annual report, which provides detailed insights and analysis.

SUSTAINABILITY STATEMENT (CONT'D)

INDIRECT ECONOMIC VALUES

The iron and steel industry has been a cornerstone of many economies worldwide, serving as a vital component in infrastructure, construction, and manufacturing sectors. Understanding the economic expansions within this industry and their indirect impacts is crucial for assessing broader economic trends and implications.

Ultimately, Ann Joo has played a pivotal role in driving economic growth while prioritising environmental stewardship through its proactive sustainability initiatives. The Group's significant economic contributions within its various business divisions, including the Upstream Steel Division, Downstream Steel Division, and Green Technology Division, provide a skilled workforce and stimulate economic activity across sectors. By embracing sustainable practices such as adopting green energy and promoting circular economy initiatives, Ann Joo exemplifies the industry's commitment to preserving natural resources and minimising environmental impact. This showcases how industries like iron and steel can thrive while being responsible environmental stewards.

Enhanced Skills and Knowledge

As industries evolve, advancements in technology and changes in production methods necessitate a workforce equipped with updated skills. This often leads to skilled workers migrating to regions with plentiful opportunities. Consequently, this influx of talent spurs the demand for specialised training institutions, particularly in metallurgy, engineering, and advanced manufacturing.

This trend is evident in the Group's expanding workforce, which grows annually to support business growth. Concurrently, Ann Joo is enhancing its talent management strategies, exemplified by initiatives to align with various government agencies and industry training institutions such as Malaysia Steel Institute ("MSI") in providing an Iron and Steel Training Programme as well as Specific Technical Knowledge Training in Steelmaking Process and Product Quality.

Supply and Distribution Chain Employment

Economic growth in the iron and steel industry has extensive ripple effects throughout the supply and distribution chain. Increased demand not only drives expansion within the industry itself but also fosters employment opportunities in ancillary sectors such as mining, transportation, logistics, and machinery manufacturing. This heightened demand necessitates additional raw materials, equipment, support and services, and other resources, stimulating growth across various interconnected industries.

Aligning with our value chain model, Ann Joo remains vigilant by adapting our business strategies to evolving industry demands. Our strategy prioritises establishing long-term contracts with reliable suppliers, ensuring stable materials quality, and predictable lead times. By fostering strong partnerships with suppliers, we not only fortify our supply chain but also contribute to the creation of employment opportunities in diverse sectors. For more details, please refer to the Sustainability at Ann Joo section.

Economic Impacts from Product and Service Utilisation

Steel, particularly, serves as a key material in construction, fabrication, automotive, machinery manufacturing, shipbuilding, and consumer goods production. Economic growth within the iron and steel sector can promote growth in these downstream industries, encouraging economic activity, job creation, and innovation. Additionally, the increased accessibility and affordability of steel products can enhance productivity and competitiveness across sectors, further contributing to economic growth.

Ann Joo plays an essential role in supporting both upstream and downstream of the steel industry, leveraging its extensive experience and expertise to deliver innovative, reliable, and cost-effective solutions across the entire steel value chain.

SUSTAINABILITY STATEMENT (CONT'D)

Promoting Sustainable Energy Solutions

Amidst growing concerns over environmental degradation, industries such as iron and steel have faced increasing scrutiny for their significant contributions to pollution, particularly through the emission of greenhouse gases and other pollutants.

Ann Joo, a pioneering force in the iron and steel industry, has embarked on a transformative journey towards sustainability and innovation. In line with its steadfast commitment to becoming a leading Green Steel producer and spearheading advancements in the green energy sector, the Group established the Green Technology Division in 2022. This initiative aims to integrate environmental enhancement into business operations. Bumi Segar Indah Sdn. Bhd. ("BSI"), a waste management company that focuses on providing innovative waste management and renewable energy solutions with minimal environmental impact. BSI's vision is to become a global leader in environmental solutions by offering customised waste management services for large cities.

Similarly, AJE Best-On Sdn. Bhd. ("AJEBO") specialises in Solar Hybrid and Renewable Energy Solutions, aiming to maximise green energy efficiency. AJEBO offers comprehensive renewable energy solutions that integrate seamlessly with various technologies, particularly benefiting industries such as telecommunications. By partnering with AJEBO, customers can access solar energy easily and affordably, contributing to environmental sustainability while reducing utility bills and increasing property value.

TAX COMPLIANCE AND TAX TRANSPARENCY

Ann Joo is dedicated to tax transparency and responsibility, ensuring that tax payments align with revenue-generating activities. The Group honours all tax obligations in accordance with the tax system, and all tax regulatory and administrative frameworks in jurisdictions in which the Group operates. The Board, through its Audit Committee, maintains stringent oversight on all financial matters, including matters pertaining to taxation.

For comprehensive details regarding taxes paid to relevant statutory bodies, i.e. the Inland Revenue Board, Royal Malaysian Customs Department, and the Inland Revenue Authority of Singapore, etc., please refer to the Financial Statements presented in our 2023 Annual Report. It is imperative to note that all information therein has been subjected to rigorous scrutiny and validation by the Group's external auditors and tax advisors.

DIGITALISATION AND TECHNOLOGY

Harnessing digitalization and technological innovation are essential for elevating the Group's product and service standards, while also streamlining operations to uphold competitiveness in today's dynamic market. In 2023, a strategic enhancement of our Enterprise Resource Planning ("ERP") system was implemented within our Upstream Steel Division, revolutionising our business processes. This upgrade facilitated seamless data integration, optimising data collection across our manufacturing operations. Consequently, operational efficiency soared as manual data collection tasks were significantly reduced.

Simultaneously, we initiated the upgrade of our ERP system for the Downstream Steel Division and Green Technology Division to align with current business and regulatory requirements. This proactive step ensures robust support for potential business expansions. The anticipated completion of this upgrade is scheduled for 2024, reinforcing our commitment to technological advancement and operational excellence.

SUSTAINABILITY STATEMENT (CONT'D)

PRODUCT QUALITY AND RESPONSIBILITY

Ann Joo's primary sources of revenue come from its diverse array of products and services within its business operations.

We take pride in delivering steel products and services of uncompromising standards. Our quality management is refined through the Integrated Management System ("IMS") for increased production efficiency, competitive advantages, and customer satisfaction.

In pursuit of operational efficiency, in 2022, the Upstream Steel Division made a strategic investment in an additional hot blast stove, which was subsequently commissioned in 2023. The Downstream Steel Division undergoes upgrades and expansions to enhance product quality and services for a broader range of industries and pertinent supply chains.

Our products and services adhere to relevant local and international benchmarks, with certification under the ISO9001:2015 Quality Management System, ISO14001:2015 Environmental Management Systems, and ISO45001:2018 Occupational Health and Safety Management Systems. As a trusted business solution provider, Ann Joo actively engages with customers to ensure their satisfaction with the Group's products and services.

Customer Responsibility

While Ann Joo does not engage directly with end-users regarding its iron and steel products, the Group maintains a steadfast commitment to delivering top-quality products and services. Ensuring adherence to the highest standards, the Group meticulously oversees the entire lifecycle of its business operations, ensuring full compliance with regulations and prioritising robust supply chain management, particularly concerning social and environmental standards. To date, Ann Joo has not received any complaints regarding the negative impacts of its products and services from stakeholders. This commitment underscores the Group's dedication to ethical and responsible practices, fostering trust and credibility within the industry.

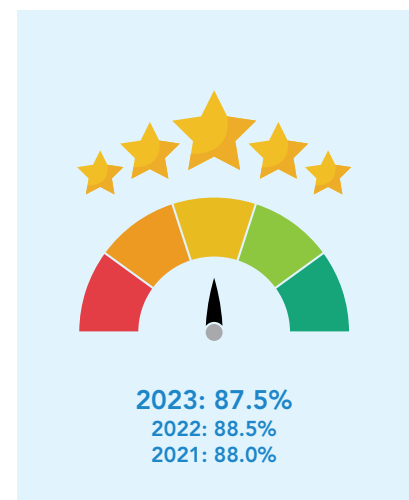
CUSTOMER SATISFACTION

Ann Joo invests significant effort in comprehending the needs and preferences of our customers, aiming to maintain our competitive advantage in the markets we operate in.

The Group actively interact with customers to ensure our products and services meet their expectations. Conducting annual customer satisfaction surveys, regular communication to stay updated on developments, and providing after-sales services are integral to our approach. Ann Joo carefully curates its communication to convey values and objectives to target audiences.

Over the preceding three years, the Group has consistently upheld a commendable level of customer satisfaction through its proficient management of production quality and exceptional customer service.

Group Customer Satisfaction Score



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL RESPONSIBILITY

Steel plays a vital role in driving global economic development, yet its production processes, particularly iron and steel manufacturing, are inherently resource-intensive and can lead to various environmental impacts such as air pollutants and waste generation. Recognising these challenges, Ann Joo is deeply committed to addressing environmental concerns by prioritising sustainable practices and minimizing our carbon footprint.

Through our Integrated Management System ("IMS") policy, aligned with ISO 9001:2015, ISO14001:2015, and ISO45001:2018 standards, we implement comprehensive measures to manage resources efficiently and reduce emissions. This policy, adopted across our Upstream Steel Division, underscores our dedication to operational excellence, quality assurance, and the health and safety of our workforce. Upholding strict compliance with relevant laws and regulations, including the Malaysia Environmental Quality Act 1974, reflects our unwavering commitment to environmental stewardship.

Since 2022, we further bolstered our environmental commitment by establishing an Environment Policy to address critical environmental issues. Ann Joo actively pursues environmental improvements through ESG aspects, aligning with Malaysia's ambitious goal of achieving carbon neutrality by 2050. Our suite of environmental policies, including energy management, climate change, pollution control, waste management, resource utilisation, and water management, underscore our holistic approach towards sustainability and environmental responsibility.

Our Environmental Policies

Energy Management Policy: We are dedicated to advancing innovative approaches towards renewable energy, driving our organisation towards a sustainable future.

Climate Change Policy: We pledge to actively reduce our greenhouse gas emissions, aligning with national carbon-neutral initiatives to mitigate climate change impacts.

Pollution Policy: Our commitment to environmental stewardship extends to strict adherence to the Environmental Quality Act ("EQA") 1974 standards, ensuring the protection of air, water, and soil quality.

Waste Management Policy: We prioritise waste reduction, recycling, and reuse across our operations to minimise our environmental footprint and promote a circular economy.

Resource Use Policy: We strive to maximise resource efficiency by recycling and repurposing waste materials, preserving natural resources and minimising our ecological impact.

Water Management Policy: Through efficient water recycling initiatives, we aim to minimise freshwater consumption and promote responsible water stewardship across our operations.

CLIMATE CHANGE AND EMISSIONS

In view of the Paris Agreement emissions reduction target of countries we operate in, Ann Joo is cognisant of the importance of reducing its carbon emissions to mitigate the impact of operations on climate change, which is a material risk to the Group's business.

Ann Joo demonstrates a commitment to emissions management through its Climate Change Policy, aiming to be a green-committed organisation in GHG improvement. By proactively monitoring GHG emissions, Ann Joo ensures readiness for potential regulations on emissions in various countries. This proactive approach helps the company stay ahead of regulatory requirements and demonstrates its commitment to environmental responsibility.

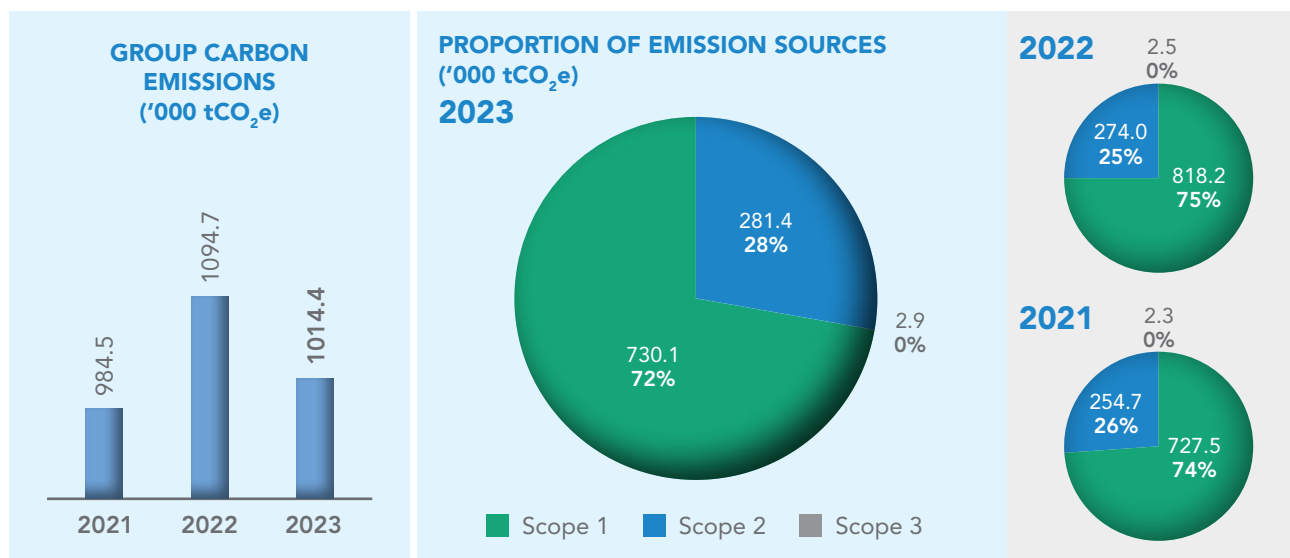
SUSTAINABILITY STATEMENT (CONT'D)

GHG Emissions

The Group's GHG emissions, covering Scope 1, 2, and 3, are reported in accordance with the emission factors outlined in the GHG inventory Guidance - Combustion for Stationary, Mobile, and Fugitive sources, as detailed in the following references:

- ISO 14404 Calculation Method of CO₂ Emission Intensity from Iron and Steel Production
- IPCC 2019 Guidelines for National Greenhouse Gas Inventories
- Greenhouse Gas Inventory Guidance: Direct Emissions from Mobile Combustion Source (epa.gov)

Additionally, we adhere to best practices recommended by the GHG Protocol to ensure comprehensive and accurate reporting. An overview of the Group's total GHG emissions is detailed in the following.

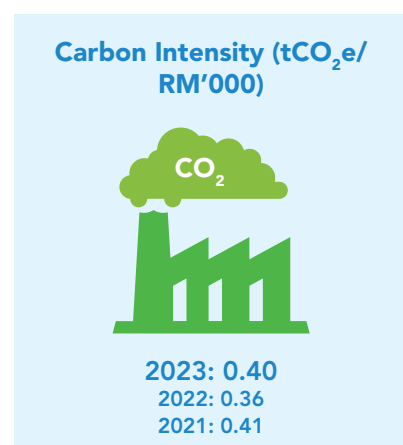


In 2023, the Group initiated its first carbon emissions reporting where comprehensive GHG accounting has progressed over the past three years. Specifically, in 2021, the Group commenced its fuel data compilation, attributing Scope 1 emissions to the Upstream and Downstream Steel divisions. From 2022 onwards, comprehensive GHG accounting was implemented. Given that electricity data were readily tracked, Scope 2 encompassed all divisions from 2021 to 2023, except for the Green Technology Division, which was established in 2022. In adherence to Bursa compliance, Scope 3 emissions related to employee commuting and business travel categories also commenced in 2021, with further scope expansion to cover all divisions by 2023. This explains the substantial growth in total carbon emissions.

Notably, Scope 1 emissions have been significantly reduced in 2023, attributed to the consumption of self-generated BF gas replacing fossil-based sources, natural gas, as well as electricity generation from renewable sources.

Carbon Intensity

To quantitatively evaluate emissions in relation to business activities, Ann Joo has established a carbon intensity metric in 2023 by using the revenue as a key measurement to capture business expansion and efficiency, providing insights into the Group's environmental impact relative to its economic growth. Despite 2023 having recorded lower sales tonnage as compared to 2022, Ann Joo maintained its carbon intensity at a lower rate showcasing the Group's vigilance in ensuring operational efficiency and environmental stewardship.



SUSTAINABILITY STATEMENT (CONT'D)

Air Emissions

In the realm of upstream steel processing, air emissions represent a critical environmental consideration. The various stages of steel production, from raw material extraction to processing, involve intricate metallurgical and thermal processes that can release a range of pollutants into the atmosphere.

Therefore, efforts to mitigate the environmental impact of air emissions at upstream steel processing sites often involve the implementation of advanced technologies and best practices. For instance, the Group actively monitors its air emissions using Continuous Emission Monitoring Systems ("CEMS"), an online system seamlessly integrated with the Malaysia Department of Environment ("DOE"). This ensures strict adherence to environmental regulations, demonstrating Ann Joo's commitment to environmental responsibility and compliance.

Air Emission Monitoring*	2021	2022	2023	Air Emission Standard Environmental Quality (Clean Air) Regulations 2014
	mg/m ³	mg/m ³	mg/m ³	mg/m ³
NOx emissions	43.10	37.03	1.73	400
SOx emissions	55.60	52.30	9.30	500
Particulate matter (PM)	5.24	7.29	9.23	50

* **Note:** Continuous monitoring is conducted at an average interval of every one (1) minute.

In 2023, a significant variance was observed compared to the previous year, primarily stemming from a reduction in the sulphur content within the raw materials utilised. This reduction was implemented in June 2022 and it has consequently resulted in decreased emissions of sulphur dioxide (SO₂) at the chimney.

Pollution Control Measures

The Group is dedicated to minimising its environmental and public health impacts throughout the entire value chain, including shared responsibilities with suppliers, spanning from raw material procurement to vehicle transportation and operation.

Central to our strategy is a focus on prevention and mitigation. We acknowledge the significance of balancing environmental initiatives with business operations and actively pursue emission reduction through various measures:

Dedusting System

- At the Iron Making Plant and Steel Making Plant, dust produced during the iron and steel manufacturing processes is collected and prevented from being emitted into the surrounding area.
- Upgrading activities conducted for the system at Steel Making Plant have enhances the management of high flame & fume escape from the furnace. Continuous improvement work to reduce the containment of brown smoke within the plant to improve visibility for crane drivers.

Dust Netting

- A dust netting system has been installed at the Sinter Plant to capture dust emitted from the circular cooler, effectively minimizing the release of dust into the surrounding environment.

SUSTAINABILITY STATEMENT (CONT'D)

Water Spray for Dust Scattering

- To control dust scattering, water is sprayed on raw materials.
- Internal roads are cleaned using a Road Sweeper Machine, which vacuums dust and sprays recycled water to prevent further dispersion of dust.

Scrubber Unit

- At the sinter proportioning area, efforts have been taken to eliminate lime steam during operations, improving visibility and creating a healthier working environment by reducing airborne lime particles.

Reuse of Waste Sand

- In the Pig Iron Caster Machine area, efforts have been made to minimise the consumption of fresh river sand during ladle maintenance.

Air Pollution Control System

- Project in planning to install an air pollution control system at the Iron Making Plant. This system aims to collect dust generated during processes using bag filters, ensuring the release of clear air and compliance with the Department of Environment's (DOE) particulate requirements.
- The collected dust will be reused in the ore blending process.

Air Emission Control Initiatives

In 2023, an environmental program was conducted with the aim of establishing mechanisms, specifically an enclosed system, to minimise the escape of dust into the environment while ensuring compliance with the Environmental Quality (Clean Air) Regulations 2014 to prevent public complaints and citations from the Malaysia Department of Environment ("DOE").

The program consisted of a range of activities geared towards enhancing environmental consciousness and compliance, which included:

- Training and briefing sessions on environmental awareness.
- To review and propose the installation of new air pollution control systems for both the sinter tail and the blast furnace stock house.
- Upgrading SMP dedusting systems to improve air emission quality.

The advancement of these tasks is closely monitored, enabling prompt adjustments to the schedule as needed to guarantee the efficient implementation of the environmental management initiative.

SUSTAINABILITY STATEMENT
(CONT'D)

ENERGY MANAGEMENT

Effective energy management is essential for the iron and steel industry, given its energy-intensive nature. Ann Joo recognises the importance of sustainable practices and has incorporated them into its Environment Policy, committing to progress towards innovative renewable energy sources.

The Group emphasises the continuous promotion of energy efficiency and reduction of energy usage across its business operations. In the Upstream Steel Division, energy resources are classified into non-renewable and renewable energy resources, as presented in the following.

Non-Renewable Energy Resources	Renewable Energy Resources
Coke	Electricity (Generated by TRT using BF Gas)
Anthracite	BF Gas (as a substitute for Natural Gas)
Electricity	Solar Energy
Natural Gas	
Diesel	
Pulverized Coal	

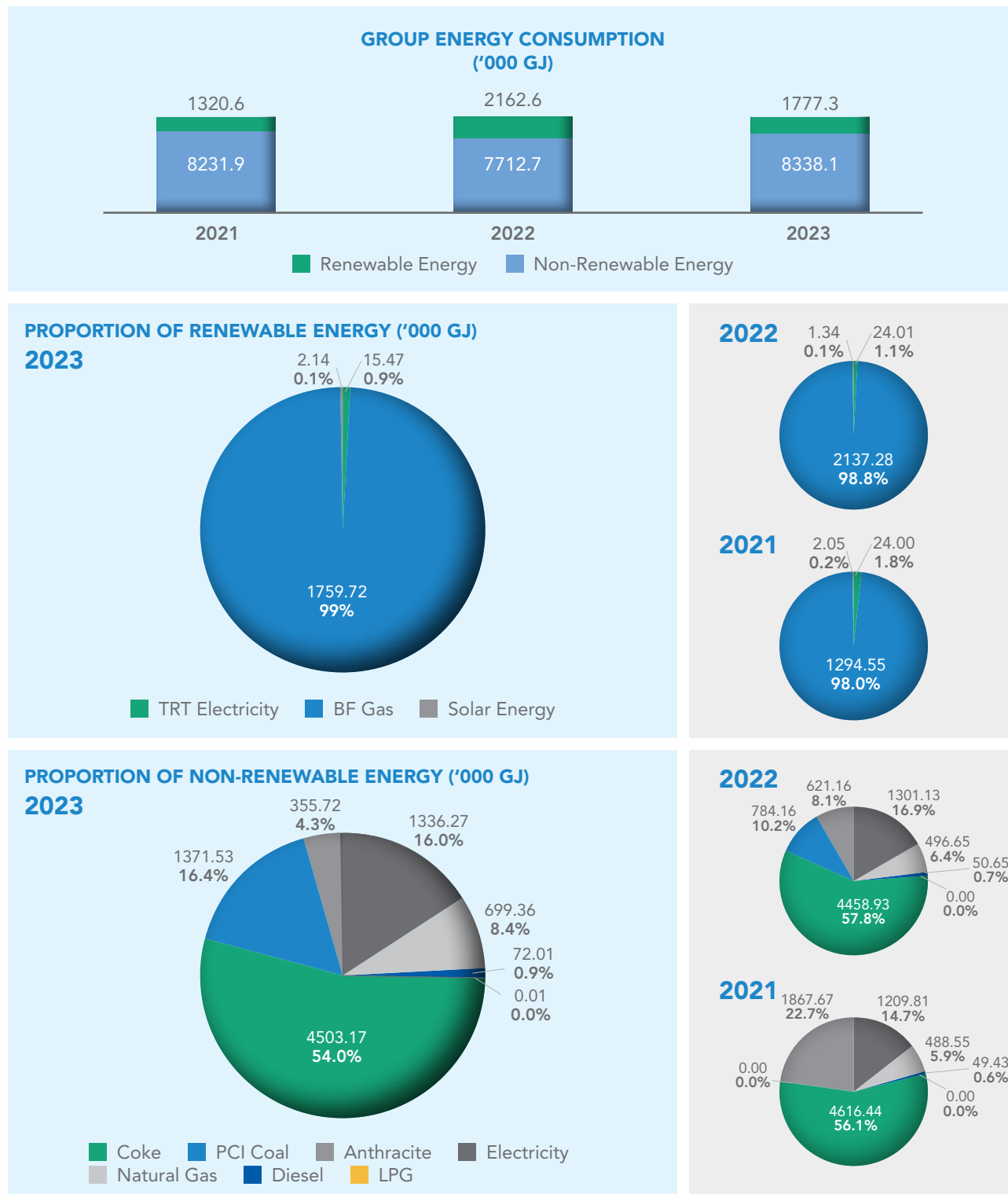
Non-renewable energy sources, including coke, anthracite, conventional electricity, natural gas, and diesel, rely on finite fossil fuel reserves. In contrast, renewable energy sources like electricity generated by Top Pressure Recovery Turbine ("TRT"), Blast Furnace ("BF") gas as a natural gas substitute, and solar energy, are sustainable options derived from naturally replenished sources, as well as waste heat recovery. These renewable alternatives offer environmentally friendly solutions, promoting long-term energy sustainability and reducing reliance on finite resources with minimal environmental impact.

Notably, Ann Joo's hybrid technology has played a significant role in optimising energy consumption, contributing to a significant reduction in electricity consumption compared to pure EAF operators. Meanwhile, the blast furnace ("BF") operation primarily relies on coke, followed by anthracite coal, electricity, natural gas, and self-generated BF off-gas.

To mitigate greenhouse gas emissions, Ann Joo utilises high-quality imported metallurgical coke and pellet ore in iron production. The BF off-gas, a byproduct of the iron-making process, is strategically repurposed as a substitute for natural gas in steel production, resulting in a substantial reduction in both natural gas consumption and greenhouse gas emissions.

SUSTAINABILITY STATEMENT (CONT'D)

Energy Consumption



Note: The figures of Group Energy consumption, proportion of renewable energy and non-renewable energy data presented in the above charts differ from those of the previous year due to an error in the data compilation process. This discrepancy has been rectified in the current report.

By incorporating renewable energy into our energy mix, we aim to reduce our carbon footprint, mitigate the impact of climate change, and align our business operations with global sustainability goals.

SUSTAINABILITY STATEMENT (CONT'D)

Energy Intensity

In 2023, there has been a gradual 23.9% increase in energy intensity measurements compared to 2022, attributed to lower sales tonnage in relation to overall energy consumption.

Energy Conservation Strategies

Amidst business expansion, the challenge to maintain energy conservation efforts becomes increasingly apparent, highlighting the importance of innovative strategies to balance growth with environmental stewardship.

Ann Joo remains steadfast in its dedication to energy conservation. Embracing a comprehensive approach, the Group integrates green energy initiatives and pursues energy self-sufficiency across its facilities. These measures not only align with global sustainability trends but also underscore the Group's commitment to environmental responsibility.

Energy Intensity (GJ/RM'000)



2023: 4.03
2022: 3.25
2021: 3.99

Top Pressure Recovery Turbine ("TRT")

- TRT serves as an in-house power generator, supplying renewable energy to the plant.
- In 2023, TRT generated 4.298 GWh, effectively offsetting the need for an equivalent amount of energy from external sources.

Solar Panel System

- The 600 kWp rooftop solar panel system at the Rolling Mill, resume operation since April 2022, generated 594,658 kWh in 2023.
- Phase 2, with a capacity of 2.7 MWp, aims to further reduce reliance on external power sources.

LED Streetlight

- All streetlights within the Prai Operation area, encompassing 268 acres, have been entirely replaced with LED streetlights.

SUSTAINABILITY STATEMENT (CONT'D)

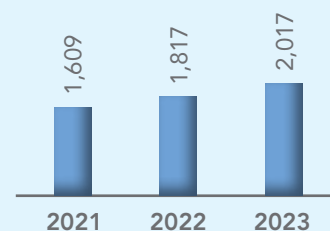
WATER MANAGEMENT

Ann Joo recognises that efficient water management is a pivotal component of sustainable and responsible industrial operations. The iron and steel manufacturing process necessitates considerable water utilisation for cooling and various production phases. In 2023, water consumption increased as a result of the recent expansion into the Green Technology Division, in addition to the heightened water usage by the additional production line for cooling purposes in the Downstream Steel Division, compounded by water leakage in the factory area.

Guided by our Environmental Policy, the water management policy emphasises the imperative of recycling process water to minimise freshwater consumption. The Group is committed to implementing sustainable practices that align with environmental stewardship. Beyond internal initiatives, the Group embraces the opportunity to adopt impactful conservation measures promoted by both local and global initiatives such as water recycling and reusing, as well as engaging in collaborations with other companies to utilise water waste streams as inputs, in line with principles of industrial ecology.

Accentuating a conscientious approach to water resource management, the Group is committed to managing our water consumption responsibly. This is done by not sourcing water from water-stressed locations and ensuring that our water discharge aligns with regulatory requirements. This commitment not only prevents environmental pollution and protects local communities but also plays a part in streamlining the Group's operational efficiency. Additionally, the Group contributes to water conservation efforts by utilising recycled wastewater at our water treatment plant.

GROUP FRESHWATER CONSUMPTION (MEGALITRES)



Note: The figures of freshwater consumption data presented in this chart differ from those of the previous year due to an error in the data compilation process. This discrepancy has been rectified in the current report.

Water Intensity (m³/RM'000)



2023: 0.80
2022: 0.60
2021: 0.67

By tracking water intensity, the Group can gauge the efficiency of its water usage and identify areas for improvement.

In 2023, Ann Joo saw a 33.3% surge in water intensity compared to 2022, primarily due to the expanded scope of the newly established Green Technology Division, particularly AJEBO and BSI. This was further exacerbated by the addition of a production line that consumes more water as a cooling agent in the Downstream Steel Division, along with water leakage in the factory area.

Water Quality Assurance

Ann Joo consistently monitors the quality of discharged water, ensuring strict adherence to Standard B, Fifth Schedule of the Environmental Quality (Industrial Effluent) Regulations 2009. In the past three years, there have been no reported cases of non-compliance with our water quality standards.

SUSTAINABILITY STATEMENT (CONT'D)

Year	Parameter	Unit	Result				Standard B, Fifth Schedule of the Environmental Quality (Industrial Effluent) Regulations 2009	Status
			Location					
			W1	W2	W3	W4		
2021	Chemical Oxygen Demand ("COD")	mg/l	44	51	42	48	<200	Complied
	Biochemical Oxygen Demand ("BOD")		8	9	7	6	<50	Complied
	Suspended Soil		11	70	23	22	<100	Complied
	Temperature	°C	27.0	27.2	27.8	27.4	<40	Complied
2022	Chemical Oxygen Demand ("COD")	mg/l	48	41	34	78	<200	Complied
	Biochemical Oxygen Demand ("BOD")		5	4	3	10	<50	Complied
	Suspended Soil		22	23	13	11	<100	Complied
	Temperature	°C	27.3	27.1	27.8	27.5	<40	Complied
2023	Chemical Oxygen Demand ("COD")	mg/l	20	26	18	112	<200	Complied
	Biochemical Oxygen Demand ("BOD")		6	7	6	10	<50	Complied
	Suspended Soil		23	38	24	29	<100	Complied
	Temperature	°C	23.6	23.5	23.8	23.7	<40	Complied

Note: The figures of water quality data presented in this table differ from those of the previous year due to an error in the data compilation process. This discrepancy has been rectified in the current report.

As responsible consumers, all used water is not discharged directly back into the environment. Instead, it goes through water treatment plants within our facilities where the water is treated according to acceptable regulatory standards before it is eventually discharged. These water treatment plants also play a significant role in recycling the treated water to be reused for non-potable functions in our operations. This approach further reduces our consumption of fresh water while simultaneously minimising the volume of effluents we produce.

To ensure transparency and accountability in our water management, Ann Joo engages an independent third-party consultant for unbiased assessment and monitoring of our water quality. The consultant conducts monthly water quality tests to ensure total bacteria count, oil and grease, and total suspended solids ("TSS") in our water are below the accepted limits before being reused in production. At the same time, they also conduct inspections of our equipment and provide annual technical training to our workforce. These services are important as they not only enable early detection of issues but also empower our staff with the competency to monitor and control water treatment quality.

Water Conservation Initiatives

The Group approaches water conservation by recycling wastewater, minimising freshwater consumption, and ensuring quality effluents discharged from operations. Evident to this commitment, Ann Joo has a forthcoming project in the pipeline, showcasing continuous efforts toward water conservation and enhancing water utilisation efficiency.

SUSTAINABILITY STATEMENT (CONT'D)

Water Treatment Plants

- Water treatment plants have been installed at the Iron Making Plant, Steel Making Plant, and Rolling Mills.
- These plants will collect, recycle, and reuse wastewater in the iron and steel making processes, aiming to reduce freshwater consumption and minimise the volume of wastewater directly discharged into drainage systems.

Rainwater Harvesting System

- Currently, rainwater is harvested at the Rolling Mill and utilised in daily operations for activities such as road cleaning and gardening, contributing to a reduction in freshwater consumption.
- **Rain Harvesting System Capacity: 9,000 litres**
- The rainwater harvesting system, completed in August 2023, is estimated to harvest 930,000 litres of rainwater annually at the Pig Iron Casting Plant. This supports its daily operations and further reduces freshwater consumption.

2nd Water Retention Pond

- A water retention pond was completed in June 2023 to maintain a safe pH value of water discharged into the municipal drainage system.

WASTE AND EFFLUENTS

Ann Joo's approach towards responsible waste management is guided by the principles of circular economy. This stance is also firmly rooted in our environmental policy, which guides our operations towards minimising waste generation and maximising material efficiency. We have long come to understand the dual benefits of implementing circular economy practices within our waste management approach. By prioritising material reuse over the extraction of virgin materials, we not only reduce waste but also lessen the environmental impacts associated with the extraction process. Additionally, this approach is also economically viable as it reduces our operational costs.

Before implementing reuse strategies, however, the Group makes sure that our different waste streams are properly segregated. This is to separate scheduled waste that is usually harmful in nature. As such, we manage all scheduled waste from our operations with the strictest adherence to the Environmental Quality (Scheduled Waste) Regulations 2005, ensuring proper storage and disposal procedures.

Presently, the Group employs an effective waste management approach to minimise environmental impact.



Reduce



Reuse



Recycle

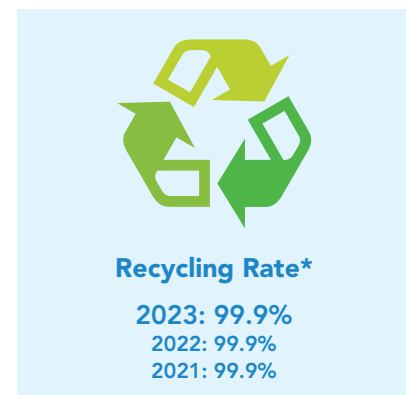


Incinerate

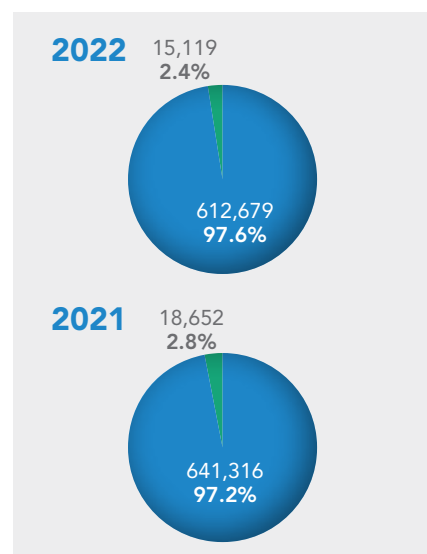
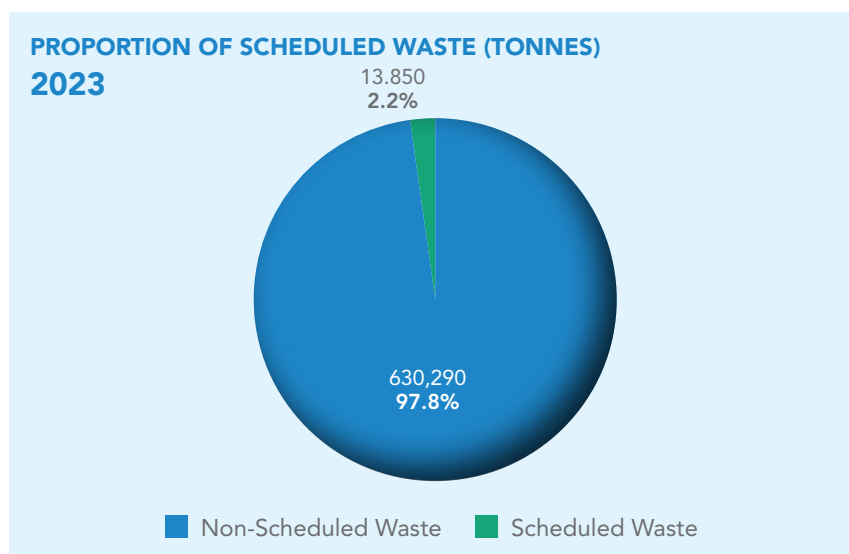
SUSTAINABILITY STATEMENT (CONT'D)



Note: The figures of total waste generated data presented in the above chart differ from those of the previous year due to an error in the data compilation process. This discrepancy has been rectified in the current report.



*Note: The recycling rate is calculated as the percentage of waste recycled out of the total waste generated by our operations. This calculation includes wastes recycled internally within our facilities as well as those recycled externally through partnerships with recycling centres or other organisations.



Note: Both 'hazardous waste' and 'scheduled waste' are used interchangeably in this document to refer to substances posing risks to health and the environment, conveying the same meaning throughout.

Recognising the significant environmental impacts of these by-products if not properly managed, we have identified the crucial need for sustainable waste management initiatives. These initiatives are integral as they lead to sustainable operations, offering numerous environmental benefits including recovering natural resources from waste materials. This recovery process reduces the demand for virgin materials and is less energy-intensive than the process of extracting and refining new raw materials. It also allows the Group to avoid other environmental issues often associated with these processes, such as pollution and biodiversity degradation.

SUSTAINABILITY STATEMENT (CONT'D)

Waste Management Initiatives

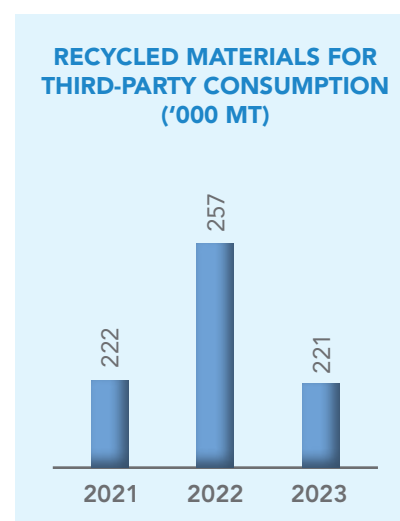
In 2023, the waste management team initiated a program to ensure all activities are conducted in line with the objectives of reducing the number of Corrective and Preventive Action Requests ("CPAR") or observation issues identified by both external and internal audits for the year 2023.

These activities encompass waste management meetings held three times annually, cross-departmental and Internal Contractor Inspection audits conducted by the Waste Management Team, scheduled waste refresher training sessions, review of the waste management layout to optimise waste area arrangement, and updating Standard Operating Procedures ("SOPs") and Work Instructions ("WIs") for waste management as necessary.

The Group's waste management practices have also been significantly enhanced through strategic partnerships that promote the adoption of sustainable waste management and recovery practices. These collaborations allow us to leverage the specialised expertise of other companies, accelerating our progress towards our sustainability goals and leading to significant cost savings. One such key partnership was established with a secondary recycling company that collects our EAF dust for resource recycling.

All slag by-products have been reclaimed to support various industries, such as BF slag, also known as granulated slag, which has been repurposed in the cement industry. While Steel Making Plant (SMP) slag is currently utilised for brick manufacturing and landfill purposes, there is potential for its future use in road pavement applications. This aligns with the cradle-to-cradle concept, fostering a positive environmental impact and providing economic advantages to all involved parties.

As such, we are dedicated to exploring and implementing other innovative waste management solutions that not only improve our operational efficiency but also contribute to environmental conservation. We understand that sustainability is a collective effort and look forward to further collaborations and partnerships that help us advance our sustainability goals.



RESOURCES MANAGEMENT

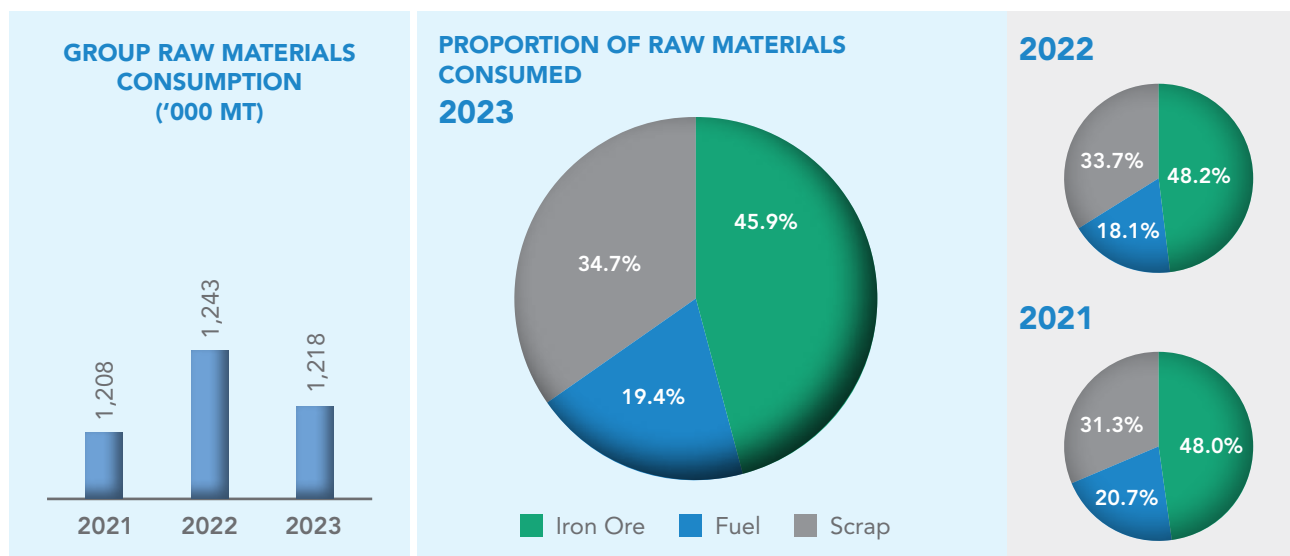
Ann Joo's hybrid BF-EAF technology significantly boosts raw material flexibility by allowing a 40% to 60% ratio of input materials for steel production to be comprised of hot metal versus recycled steel scrap. Concurrently, in our iron production process, iron ore serves as the primary raw material. The Group remains dedicated to reducing environmental impact by procuring higher-quality iron ore from local suppliers.

Notably, a portion of our iron ore is sourced from suppliers committed to sustainable practices, further reinforcing our sustainability initiatives. Regarding this commitment, our local supplier possesses the EIA which was approved by the DOE as a prerequisite when they submitted the application for the Operational Mining Scheme ("OMS") with the Department of Minerals and Geoscience ("JMG"). This demonstrates the suppliers proactive approach to environmental management and their dedication to sustainable development principles.

SUSTAINABILITY STATEMENT (CONT'D)

Materials Consumption

The Group's primary raw materials consumption for iron and steel production over the past three years is presented below.

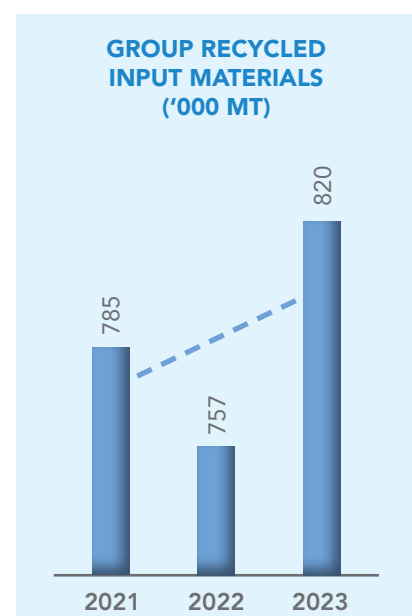


Note: The figures of raw materials consumption data presented in the above charts differ from those of the previous year due to changes in the consideration of key raw materials and refinement of the data compilation process.

To enhance material utilisation, we seamlessly integrate recycled materials into our production operations, sourcing them from both external markets and our own processes. Scrap, sourced locally, serves as a primary raw material for steel production, enhancing sustainability by minimising waste generation. By-products like crop and skull, generated during steel and bar production, are efficiently recycled and charged back into the EAF for further steel manufacturing.

The chart showcases recycled materials utilised in our processes, comprising both materials sourced from the market and those self-generated and consumed internally.

In 2023, our utilisation of recycled materials increased by 8.3% compared to 2022, demonstrating our commitment to minimising our carbon footprint through responsible material consumption practices. We have increased our utilisation of recycled materials by 8.3%, which signifies our commitment to minimise our carbon footprint in raw materials consumption.



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL MONITORING AND COMPLIANCE

As a responsible manufacturer, Ann Joo is dedicated to environmental monitoring, encompassing assessments of ambient air quality, stack emissions, noise levels, and water quality at strategically chosen locations.

At the Group's operations, the implementation of an Environmental Measurement and Monitoring Matrix ensures compliance with regulatory standards as follows:

- Air quality monitoring is conducted on a monthly basis to adhere to the Malaysia Ambient Air Quality Standard.
- Boundary noise monitoring is carried out monthly in accordance with the Guidelines for Environmental Noise Limit and Control.
- Stack emission monitoring is performed on a periodic basis as per the approval letter by DOE to meet the requirements of the Environmental Quality (Clean Air) Regulations 2014.
- Monthly water quality monitoring is conducted to comply with the Environmental Quality (Industrial Effluent) Regulations 2009.

Ann Joo is committed to rectifying all citations issued by the DOE. Detailed root cause analyses and implementing corrective and preventive measures such as repairing equipment, upgrading of systems, enhancing monitoring procedures, and providing comprehensive training to employees are carried out diligently to meet the required standards.

The Group emphasise continuous monitoring and testing of emissions and effluent quality, maintaining open communication with regulatory authorities, and regularly reviewing and improving its environmental compliance efforts.

By remaining vigilant and proactive in adhering to environmental regulations and implementing improvement programs, Ann Joo aims to prevent future incidents and uphold their commitment to environmental stewardship.

CITATIONS RECEIVED FROM THE DOE

2023

- 1

2022

- 2

2021

- 2

Note: Citations encompass both Notice of Improvement (NOI), which are formal notices of necessary enhancements, and instances of non-compliance with regulations or standards.

BIODIVERSITY CONSERVATION

Biodiversity is not a financial or impact materiality topic as assessed and determined by the Group's FY2023 Materiality Assessment Exercise. Ann Joo does not operate in locations deemed biodiverse nor has its operations had any proven adverse biodiversity impact.

The aforementioned has been corroborated through the Environmental Impact Assessment ("EIA") conducted prior to the construction of Ann Joo's upstream and downstream steel manufacturing plants. The same EIA indicates that the Group does not operate in, or adjacent to sites deemed to be high in biodiversity values, or sites which contain flora and fauna species deemed to be on the International Union for Conservation of Nature Red List. As such, Ann Joo is not required to and has not performed any biodiversity audits or action plans within the location of its operations.

However, given the importance of biodiversity from a universal perspective, Ann Joo has expressed its commitment to ensuring compliance with all environmental standards set by regulators with regard to carbon and other air emissions, effluent discharge, noise and waste production. The Group recognises that non-compliance of the aforementioned may cause direct or indirect biodiversity impacts. This is how Ann Joo contributes to the global effort to safeguard biodiversity and ensure the long-term sustainability of the planet.

Thus far, Ann Joo's operations have continued to demonstrate a high level of compliance with the environmental standards set by regulators. There have been no biodiversity impacts caused by the Group's operations as identified by the Department of Environment, local municipal and city councils, the media or any other stakeholder.

SUSTAINABILITY STATEMENT (CONT'D)

Beyond compliance, the Group actively participates in biodiversity conservation initiatives organised by environmental NGOs and state governments. As part of these efforts, the Group has planted more than 150 trees along Sungai Kerian, South Seberang Perai and restored a total of 5,622 m² of green areas through various greenery projects since 2022.

Before Greenery Project	Greenery Expansion	
 Ann Joo Prai Plant Area - 809,371 m² Total Green Area - 136,096 m² (16.8% covered with Green Area)	2022 Highlights: Increased greenery areas by 0.4% Covered with a total of 40 trees, 180 shrubs, and turf covering an area of 1,382 m², resulting in an overall expanded green area of 3,002 m².	2023 Highlights: Increased greenery areas by 0.3% Covered with a total of 2,620 m² of cow grass pure-spot turf 

Moving forward, Ann Joo aims to establish a comprehensive biodiversity policy and assess the viability of incorporating disclosures aligned with the Taskforce on Nature-related Financial Disclosures ("TNFD") by 2025. Additionally, the Group will evaluate the potential impact of its supply chains on biodiversity.

In the event of operational expansion, such as the acquisition of new sites in line with business growth plans, Ann Joo will adhere to legal requirements by conducting a thorough EIA.

SOCIAL EMPOWERMENT

Ann Joo's enduring impact on the industry can be attributed significantly to the commitment of our employees and business partners. The Group's ability to persevere during challenging global economic periods is a direct result of the ongoing dedication and hard work of our team, as pledged in our people framework.

TALENT MANAGEMENT

Our organisational culture, as outlined in the Human Rights Policy, forms the strong bedrock of our business operations, fostering inclusivity and diversity, and safeguarding employee rights. This foundation contributes to a workplace culture characterised by trust, open communication, and a sense of security.

Additionally, we encourage innovation and risk-taking which prompt management to adopt more flexible and creative problem-solving approaches. This adaptive organisational culture further guides management to embrace flexible strategies, enhancing the Group's capacity to respond effectively to external changes.

On top of a well-structured organisational approach, Ann Joo consistently adheres to applicable laws in the markets of operation, including the Employment Act 1955 (Amendment 2022), Children & Young Persons (Employment) Act 1966, and Employment (Restriction) Act 1968 in Malaysia, as well as The Employment Act in Singapore.

OUR PEOPLE FRAMEWORK



SUSTAINABILITY STATEMENT (CONT'D)

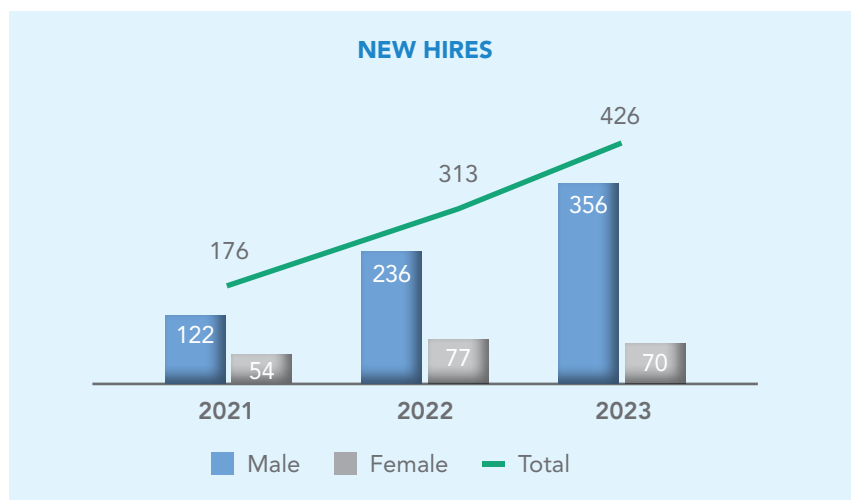
Upholding equal opportunity and non-discrimination	Respecting workers' right to dignity at work	Supporting a harassment-free and violence-free workplace
Ensuring compliance with employment-related laws governing working hours, overtime pay and fair compensation, i.e. Minimum Wage Order 2022	Prohibition and prevention of forced labour, debt bondage, human trafficking and all forms of modern slavery	Recognition of children's rights and prohibition and prevention of child labour
Respecting employees' right to Wellness, Mental Health and Work-Life Balance	Minimum notice period for changes in terms of duties, work location or other operational changes	Upholding the right to safe working conditions
Empowering collective bargaining at work	Respecting employees' right to participate in a trade union as per the Industrial Relations Act 1967 and Trade Unions Act 1959	Fair reward system and transparency in the hiring process

The effectiveness of our management approach plays a pivotal role in shaping the organisational culture. Constructive leadership and transparent communication practices influence management decisions that prioritise employee well-being and engagement, thereby fostering job satisfaction and enhancing retention.

Hiring and Attrition

In the onboarding process for new employees, our Human Resources department will conduct a comprehensive Group Induction Program and Orientation to familiarise newcomers with the organisation's values, policies, and procedures. This induction program is designed to facilitate a smooth transition for new hires, ensuring they integrate seamlessly into the company culture.

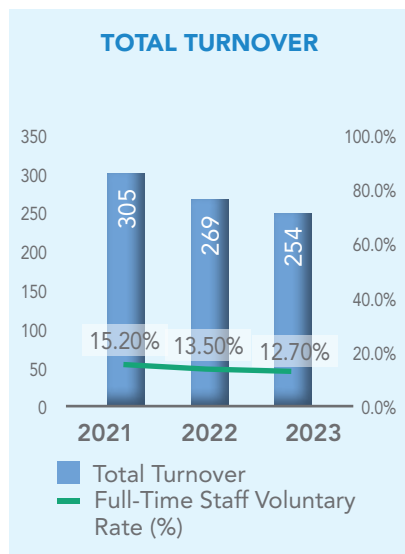
Conversely, during the exit process, departing employees are required to fulfil specific obligations on their final day of employment. This includes the completion of an exit interview form, providing valuable insights into their experiences and feedback, and a clearance form, ensuring that all company property, responsibilities, and obligations are settled before their departure. These structured onboarding and exit procedures underscore our commitment to fostering a positive and informed employee experience at every stage of their journey within the organisation.



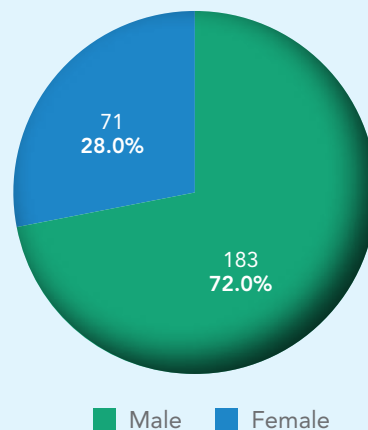
2023
1 NEW HIRE
with disabilities or
from underprivileged
background

2022: 0
2021: 0

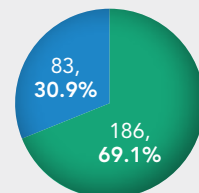
SUSTAINABILITY STATEMENT (CONT'D)



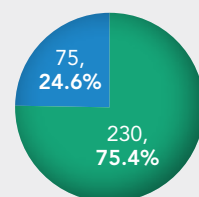
TURNOVER BY GENDER 2023



2022



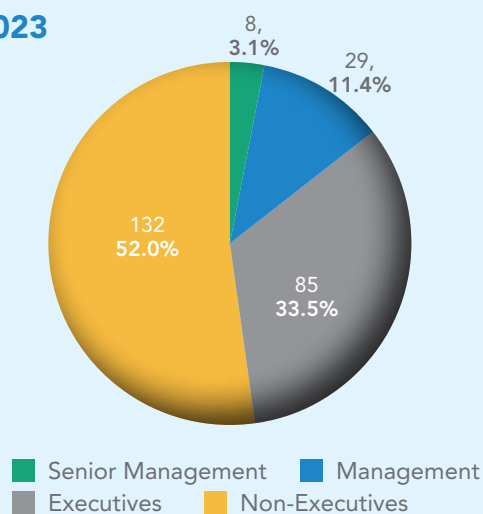
2021



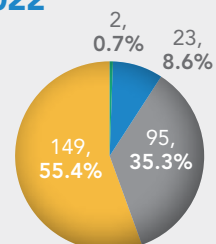
Our new hires experienced growth as a result of our expanded operations into the green technology industry through acquisitions, prompting the reactivation of our recruitment drive to meet the evolving needs of our business.

Driven by strategic retention initiatives implemented in 2023, our turnover witnessed a decline over the same period. Notably, we introduced an Academic Allowance for new hires with First Class Honours Degrees and a Qualification Progression Scheme in key departments such as Finance, Group Assurance & Advisory, and Group Corporate Secretarial. These measures were aimed at retaining existing employees and attracting top talent with professional certificates.

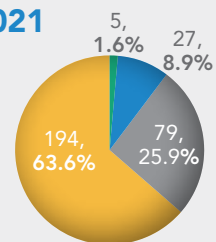
TURNOVER BY EMPLOYEES CATEGORY 2023



2022



2021



SUSTAINABILITY STATEMENT (CONT'D)

Training and Career Development

Training and development initiatives have a positive impact by cultivating a skilled workforce, driving innovation, and boosting economic growth. Moreover, these programmes contribute to personal and professional growth, enhancing well-being and job satisfaction.

Aligned with the Twelfth Malaysia Plan (RMKe-12), we collaborate with the Malaysia Steel Institute ("MSI") to cultivate future talents through the Iron and Steel Training Programme. This initiative extends to Specific Technical Knowledge Training in Steelmaking Process and Product Quality. Our talent development strategy is outlined below:



The Human Resources ("HR") department at Ann Joo takes a proactive role in spearheading training and development programs. The process begins with career conversations between Heads of Departments ("HODs"), immediate superiors, and employees, alongside annual performance reviews to identify competency gaps.

Performance Management

Through the performance management system, the Group's performance-driven culture ensures that performance levels meet company goals. Key Performance Indicators ("KPIs") are established at the start of the year and formally assessed twice a year, mid-year and end-of-year.

This approach facilitates comprehensive monitoring, aligning with the Group's commitment to competitiveness amid current economic challenges and fostering personal growth in career progression.

100%
of our confirmed
employees have had
appraisals completed
in 2023

SUSTAINABILITY STATEMENT (CONT'D)

Following these assessments, the HR department, in alignment with the training policy, formulates the Annual Training Plan based on management decisions. Subsequently, HR will seek appropriate programs and qualified trainers, whether internal or external, to obtain approval for the coordination of the training initiatives.

Overall, in 2023, the Group conducted various training programmes encompassing technical and non-technical aspects where the training hours allocation is presented in the following. The safety training data figure for 2023 shows a decline compared to 2022, attributed to our streamlined focus on core safety competencies through the elimination of redundant topics.

Training Category	Training Hours		
	2021	2022	2023
Leadership	384	-	213
Technical	1,021	3,919	5,154
Soft-Skills / Non-Technical	1,168	1,788	2,098
Safety	4,308	4,547	3,453

Some highlights of our 2023 training programmes encompass various categories as outlined below.

Leadership

- Supervisory Development Programmes

Soft-Skills / Non-Technical

- Sustainability KPI Target Setting Workshop
- Effective Problem Solving and Decision-Making
- Positive Work Attitude



Participants presenting proposed targets for operations improvement.

Safety

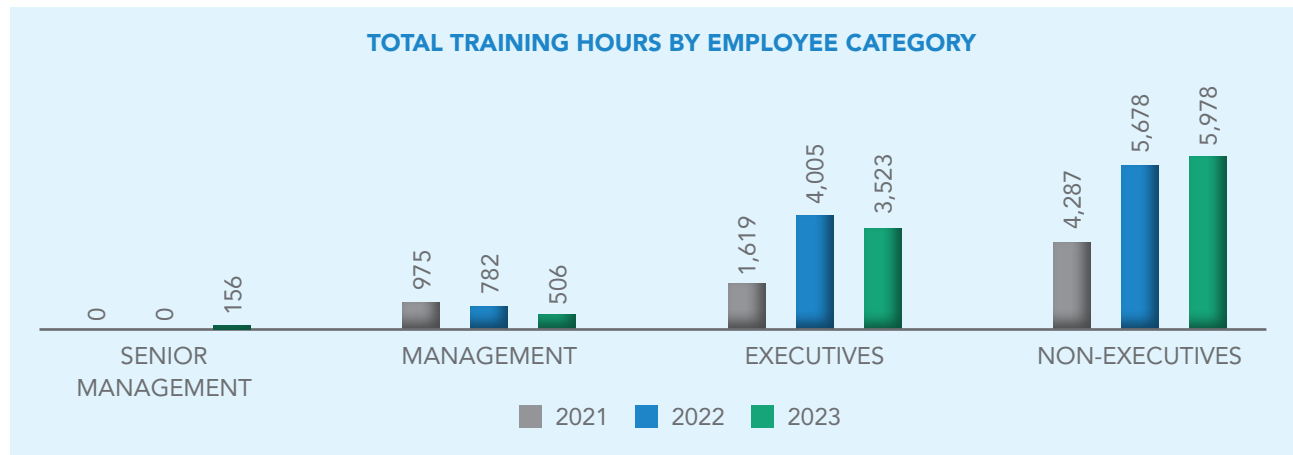
- Chemical Management with USECHH Regulations 2000
- Malaysian Red Crescent First Aid Training Courses

Technical

- Rolling Mill Process and Product Quality
- Measurement and Calibration System
- Basic Bearing and Maintenance Training

SUSTAINABILITY STATEMENT (CONT'D)

Notably, there has been a significant increase in the overall total man-hours dedicated to training compared to previous years, as presented below. This shift is attributed to Malaysia's gradual recovery from the pandemic, prompting a renewed focus on employee training.



Training Data	2021	2022	2023
Total training hours as a company	6,881	10,465	10,918
Total training spends as a company (RM)	89,006	192,000	259,837
Average Training Hours Per Employee	3.5	5.2	4.7
Average Training Days Per Employee	0.4	0.7	0.6
Average Training Spend Per Employee (RM)	44.8	94.6	112.7

Note: The figures for training days per employee data presented in the table differ from those of the previous year due to changes in the formulation, based on the assumption that one (1) working day is equivalent to 8 hours.

To further emphasise our commitment to training and development, we are introducing a mandatory training initiative starting from FY2024. All employees will be required to attend a specified number of hours or days of training annually, including leadership programs for young managers, enrichment programs, and various levels of Excel training.

Beyond technical knowledge, enrichment programs specifically focus on non-work-related training activities are also included in overall training programmes, aimed at enhancing the overall well-being of employees.

Employee Benefits and Well-being

At Ann Joo, we prioritise employee well-being by adhering to stipulated employment laws, ensuring statutory payments and parental leave are not only compliant but also reflective of our commitment to a supportive work environment.



SUSTAINABILITY STATEMENT (CONT'D)

Record of Statutory Payments (RM'000)	2021	2022	2023
Total payments made to employees in terms of salaries, bonuses and benefits	102,444	102,393	114,553
Total statutory payments made for employees' retirement benefits ("EPF")	10,458	9,615	10,306
Total payments in medical insurance ("SOCSO") for employees	961	1,132	1,395

Number of Employees Who Took Parental Leave	2021	2022	2023
Paternity Leave	73	82	70
Maternity Leave	27	10	11

Our commitment is underscored by a notably optimistic return-to-work rate post-parental leave, a testament to the competitive advantages our employee benefits confer, all aimed at fostering a workplace culture that prioritises and supports the well-being of our valuable team members.

Return-To-Work Rates		Return-To-Work Rates*	
MALE	2023: 100% 2022: 100% 2021: 100%	MALE	2023: 95.7% 2022: 91.5% 2021: 93.1%
FEMALE	2023: 100% 2022: 100% 2021: 96.3%	FEMALE	2023: 100% 2022: 70.0% 2021: 77.8%

*Note: Remain with the organisation for 12 months or more post parental leave.

Employee Engagement

In our pursuit of excellence at Ann Joo, we recognise that true success goes hand in hand with the well-being of our employees. Beyond complying with labour rights and maintaining a workplace with zero fatalities, we are dedicated to creating an environment that not only prioritises physical safety but also nurtures a vibrant internal culture fostering employee engagement and positive mental health.

Our commitment to employee well-being is reflected in various initiatives designed to go beyond the standard expectations of workplace care:



Onboarding Program
Welcoming New Members to the Family

Lunch Box Give Out Program
Nourishing Body and Mind

Long Service Award
Celebrating Dedication and Loyalty

SUSTAINABILITY STATEMENT (CONT'D)

Our employee engagement programmes are a reflection of values and commitment to creating a supportive and inclusive workplace culture. By prioritizing the well-being and happiness of our employees, we lay the foundation for continued success and growth, both as individuals and as a company.

HUMAN RIGHTS AND LABOUR PRACTICES

Ann Joo is cognisant of the importance of human rights and ethical labour practices in business cannot be overstated, as they form the cornerstone of responsible corporate conduct. Respecting and upholding human rights within the workplace and throughout the supply chain not only aligns with ethical principles but also contributes to the long-term success and reputation of a company.

Adhering to human rights standards is increasingly expected by consumers, investors, and regulatory bodies, influencing brand perception and market competitiveness. Beyond compliance, companies that prioritise human rights and labour practices are better positioned to attract and retain top talent, enhance employee morale, and build sustainable relationships with stakeholders.

With the support and oversight of the Board, Ann Joo implemented its Human Rights Policy for the first time in 2023, demonstrating a commitment to addressing human rights concerns. These values are extended to the supply chain wherever applicable. While the Group currently does not have a specific policy addressing children's rights, Ann Joo remains steadfast in upholding ethical conduct in all its business operations while aligning with the principles outlined in the UN Guiding Principles on Business and Human Rights.

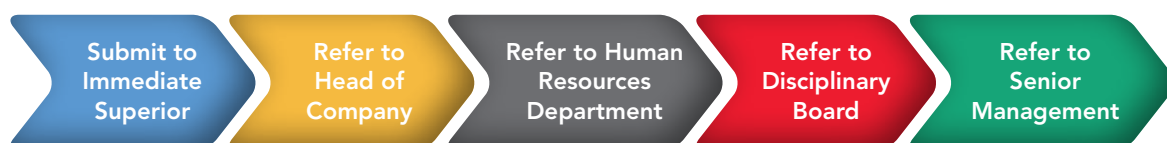


Through these effective measures, Ann Joo has maintained a zero-track record of human rights incidents in the past three years.

Grievances Mechanisms

Our unwavering commitment to upholding human rights across our business involves thorough due diligence to identify, prevent, and mitigate any adverse human rights impacts on stakeholders within our value chain. Ann Joo takes responsibility for addressing and providing fair remediation in cases where adverse impacts are discovered, considering early and proactive stakeholder consultation.

Furthermore, we have implemented a grievance mechanism, employing an escalating system, allowing all employees to report unethical behaviour or human rights violations including forced labour and child labour incidents. Formal complaints or grievances can be lodged with immediate superiors through various mediums, including email and telephone. These concerns will then be escalated through the company hierarchy to ensure a comprehensive investigation and appropriate responses and remedies.



For more information, readers may refer to the detailed policies available on the company's website. The specific procedures for reporting any violations are outlined therein.

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY AND EQUAL OPPORTUNITY WORKPLACE

Promoting diversity within a company yields numerous positive impacts, fostering a more innovative and productive workforce that contributes to economic growth. It also enhances the company's reputation, attracting a broader customer base and potential investors, while simultaneously promoting societal cohesion. Moreover, from a human rights viewpoint, these initiatives align with the fundamental right to equal opportunity, ensuring a workplace that is free from discrimination, thereby protecting individuals' dignity and promoting a respectful environment. With our commitment in mind, in 2023, the Group has instituted both a Human Rights Policy and a Diversity and Inclusion Policy to foster a workplace that champions diversity and equality.

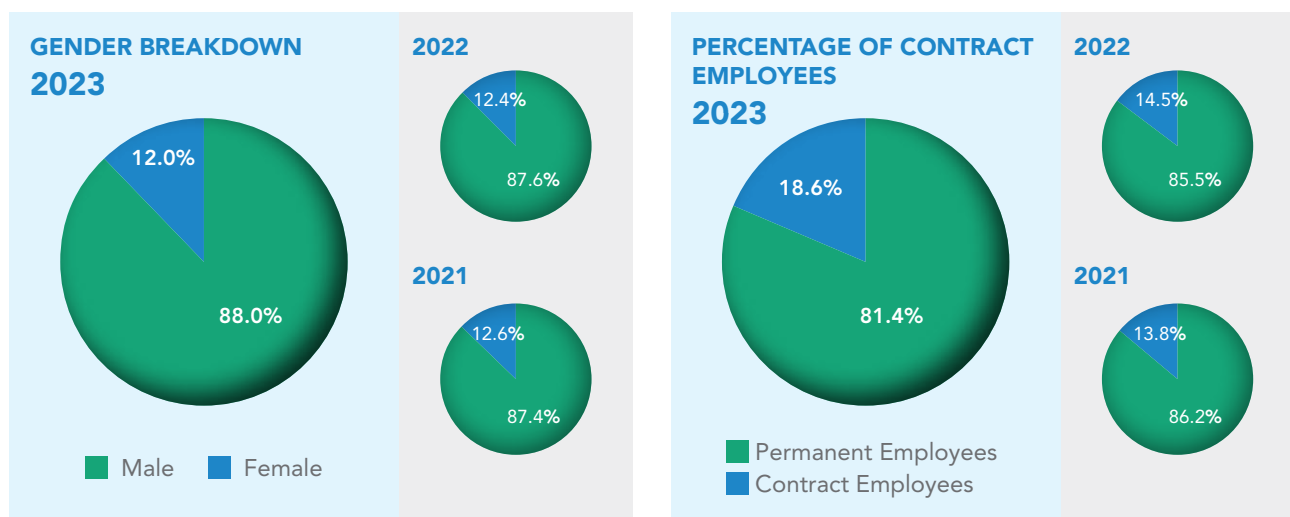
Despite potential challenges that may arise from resistance and internal conflicts in regard to diversity workforce implementation, some individuals may perceive diversity initiatives as preferential treatment. Nevertheless, Ann Joo remains steadfast in the belief that the benefits of fostering an equal-opportunity workplace outweigh the aforementioned challenges.

In 2023, the general presentation of Ann Joo's workforce is illustrated in the following. More detailed employment data breakdowns may refer to our ESG Performance Data section.

Total Workforce

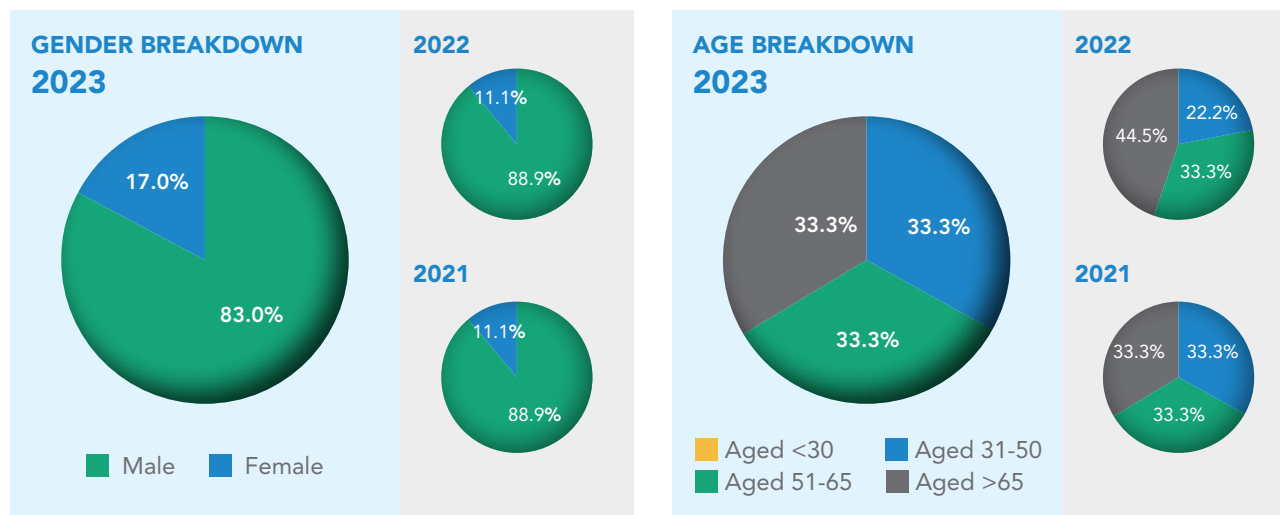


Overall Workforce Profile

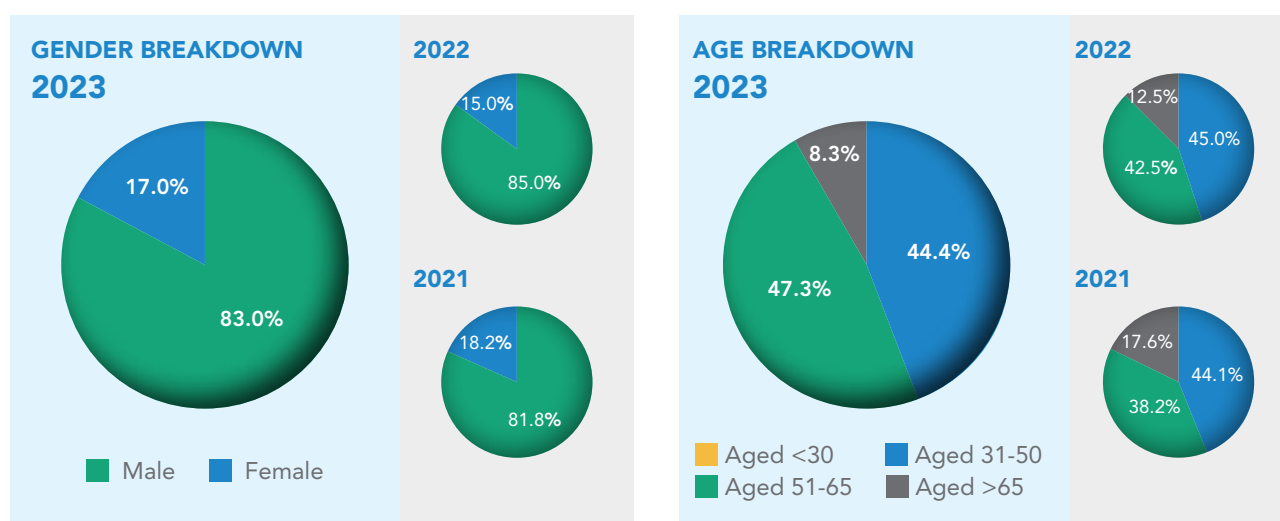


SUSTAINABILITY STATEMENT (CONT'D)

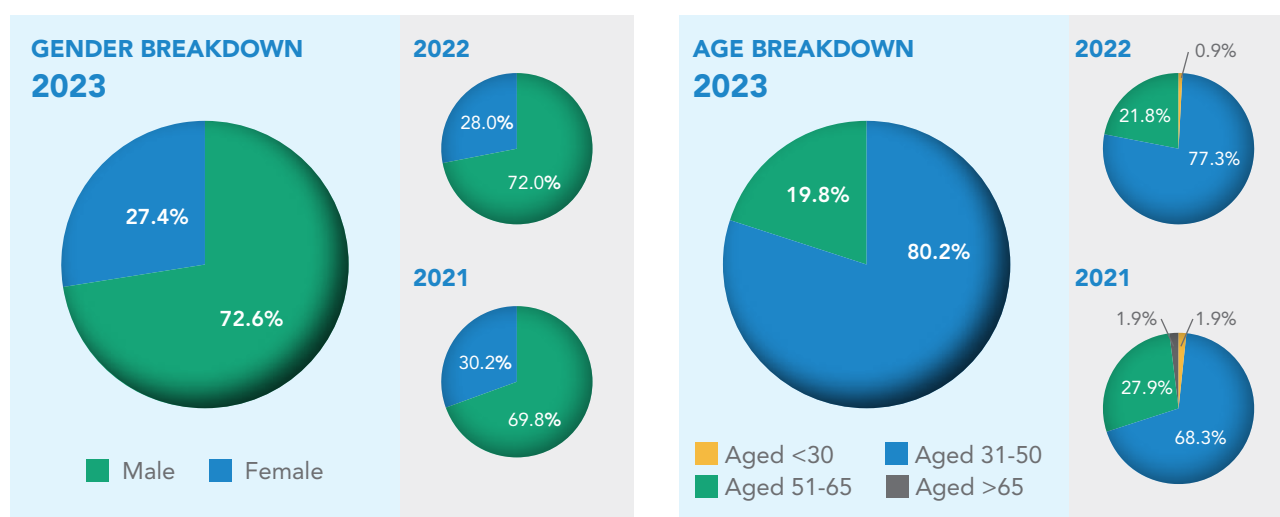
Board of Directors Profile



Senior Management Profile

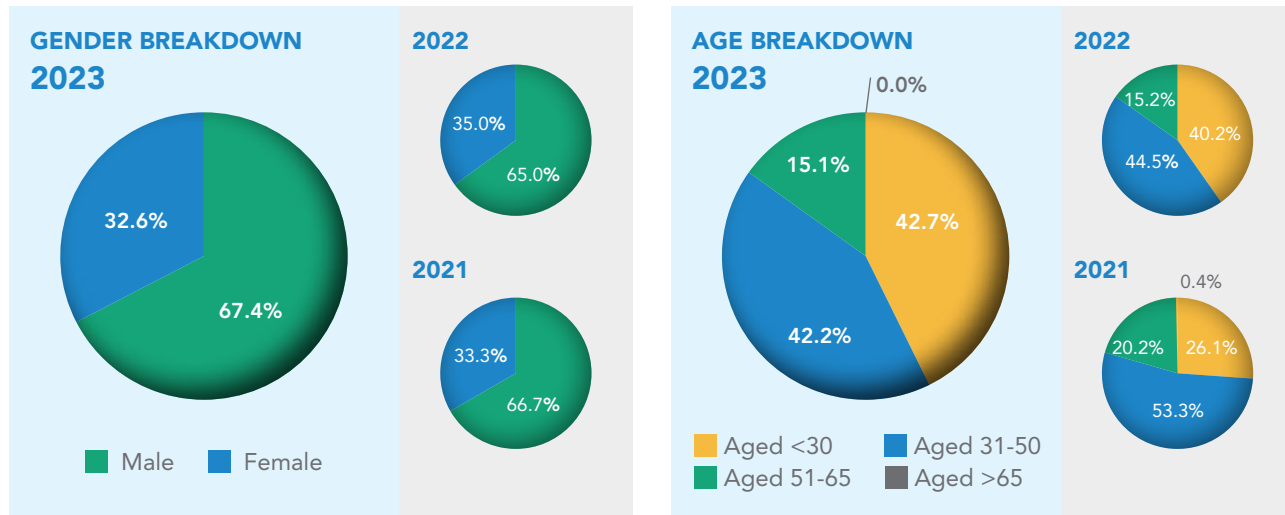


Management Profile

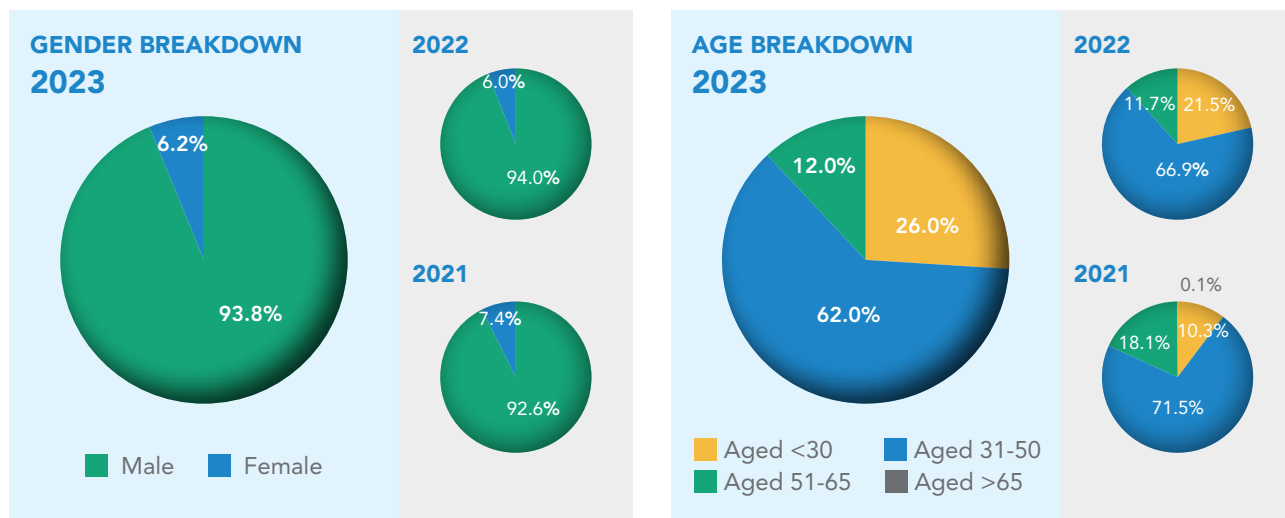


SUSTAINABILITY STATEMENT (CONT'D)

Executives Profile



Non-Executives Profile



SUSTAINABILITY STATEMENT (CONT'D)

OCCUPATIONAL SAFETY AND HEALTH

Ann Joo adheres to its established Safety, Health, and Environment ("SHE") Policy, dedicated to fostering a secure and healthy workplace for both employees and independent contractors. The Group places utmost importance on safeguarding its workforce, contractors, and visitors.

Through its Safety, Health and Environment ("SHE") department, Ann Joo conducts comprehensive health and safety training sessions during new employee orientations. These sessions are designed to equip employees with essential knowledge regarding safety protocols, compliance measures, and the proper use of personal protective equipment. The following initiatives have been implemented to ensure the safety and well-being of all our employees.

SHE Policy

Ann Joo is dedicated to introducing and implementing relevant SHE practices and activities within the Group, encompassing safety and disaster prevention, occupational safety and health, and environmental conservation. The Group is committed to the following SHE policies:

- Adopting a systematic approach to SHE management to ensure compliance with applicable laws and a commitment to continuous improvement.
- Identifying and safeguarding employees, stakeholders, and the community from safety and health risks or environmental impacts related to operations.
- Benchmarking SHE performance, setting targets for improvement programs, and monitoring progress through SHEC meetings.
- Creating SHE awareness among employees through the Integrated Management System ("IMS") program, documented, implemented, maintained, and communicated to all employees.
- Providing SHE consultation, communication, awareness, and appropriate safety and emergency equipment to create a safe and healthy work environment.
- Periodically reviewing SHE policy, plans, and programs to enhance SHE performance.
- Requiring contractors to manage SHE in accordance with this policy.
- Publicly making available the SHE policy.

Continuous Safety Awareness & Training

In FY2023, a total of 3,453 man-hours were dedicated to SHE-related briefings and training sessions for 493 employees. These sessions were conducted through both physical and virtual platforms, covering various training topics as below:

- 10 May 2023 – Office Safety
- 16 May 2023 – Introduction to LOTO & Machine Guarding
- 29 May 2023 – Safety Briefing (General Safety)
- 1 June 2023 – Chemical Exposure Monitoring Briefing
- 16 August 2023 – PPE Training
- 5 September 2023 – Safety Briefing (Noise Exposure & Chemical Handling)
- 7 September 2023 - Essential First Aid, CPR & AED Talk
- 4 October 2023 - Safety Briefing (Electrical Safety)
- 14 November 2023 – LEV Vs. APCS
- 19 December 2023 - Fire Extinguisher Training for Office Staff (Main Office & Work Office)
- 29 December 2023 – Vehicle Safety Training & Certification for Heavy Machinery for Contractor Drivers

SUSTAINABILITY STATEMENT (CONT'D)

Incident Reporting Structure

To uphold safety and health in the workplace, we have established a procedural reporting line for safety-related incidents. This structure allows us to effectively manage safety issues and implement preventive measures.

Leveraging the Ishikawa method, commonly known as the Fishbone diagram, the Group adeptly pinpointed bottlenecks within the operational process and delved into the root causes of safety-related incidents. The comprehensive root cause analysis mapping systematically examined potential causes and their likelihood, providing a nuanced understanding of the issues at hand. Through root cause analysis mapping, the team delved into the potential root causes and assessed their likelihood, thereby enabling the development of targeted solutions and proactive measures to mitigate future occurrences.

OSH Performance

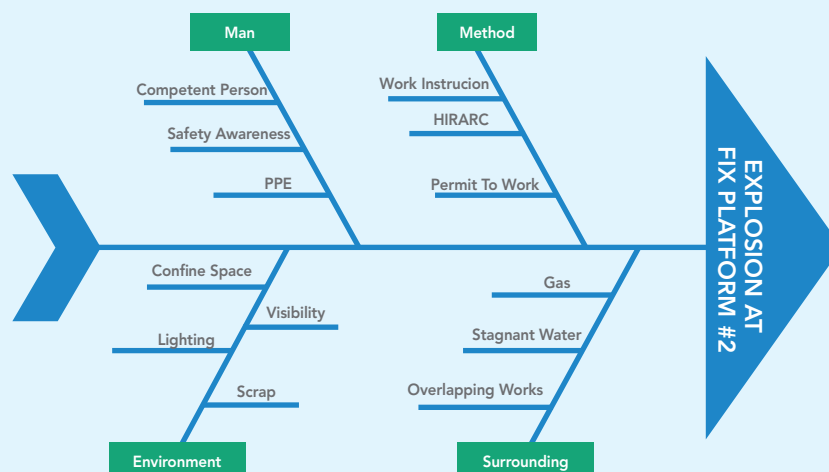
With strategic SHE management and initiatives, the Group achieved a lower Lost Time Injury Frequency ("LTIF") rate in 2023. The overall OSH performance for the past three years is presented below:

Record of Fatality and LTIFR	2021	2022	2023
Total Manhours	3,909,994	4,745,037	5,121,344
Employee Fatality (Cases)	0	0	0
Contractor Fatality (Cases)	0	1	1
Total LTI	8	12	7
Employee and Contractor LTIFR *	2.0	2.5	1.4

**Note: The number of injuries, including fatalities and permanent disabilities, that resulted in time lost from work within a given period. The data presented in this table differ from those of the previous year due to an error in the data compilation process. This discrepancy has been rectified in the current report.*

In 2023, we deeply regret a fatal incident that occurred due to a flash fire. The Ishikawa method was used to determine that the accident was caused by non-adherence to safety measures and work procedures within the confined working environment, which led to a flash fire. We immediately reviewed CCTV footage to better understand the sequence of events and submitted a report to the Department of Occupational Safety and Health ("DOSH") on the same day. Additionally, we sent samples from the location to a third party for enhanced analysis to ensure a comprehensive understanding of the incident and to contribute to the prevention of future occurrences.

Root Cause Analysis – Fish Bone Diagram (Cause & Effect Analysis)



SUSTAINABILITY STATEMENT (CONT'D)

In response to this tragic event, the Group implemented measures to enhance work protocols and safety standards. This included improving our training programs with focused sessions aimed at raising safety awareness and promoting safe practices among our workforce. Ann Joo remains committed to prioritising workplace safety and preventing workplace incidents, upholding a culture of safety within our organisation.

COMMUNITY ENGAGEMENT AND DEVELOPMENT

Community engagement and development play a pivotal role in the success and sustainability of a company. By actively participating in and contributing to the local community, this not only fosters positive relationships but also establishes itself as a responsible corporate citizen.

Engaging with the community creates a sense of shared values and mutual benefit, enhancing the company's reputation and brand image. Ann Joo outlines its community investment principles and processes through its charitable arm, Yayasan Jasa Ann Joo.

In the realm of education, the Group supports underprivileged and deserving students pursuing tertiary education at local Technical and Vocational Education and Training ("TVET") institutes and universities, encompassing certificate, diploma, and degree programs. While for the community sector, Ann Joo extends assistance to underprivileged individuals.

Ultimately, investing in environmental initiatives constitutes a crucial focus, reflecting the Group's commitment to sustainability. These targeted investments are strategically designed to contribute meaningfully to the community, aligning with the Group's overarching objective of enhancing the overall quality of life for the local community.

Ann Joo continues to impact the communities positively through various donations and initiatives. The outputs and outcomes of specific results derived from the benefits of community investments are detailed as follows:

Total amount invested in
the community in 2023

RM 356k

in 17 projects

2022: RM 249k

2021: RM 312k

benefitting

431 individuals

2022: 437 | 2021: 282

Educational Empowerment

Eighteen (18) scholars from the Batch of 2021 - 2023, have been able to continue their studies with the support of the Yayasan Jasa Ann Joo Scholarship in 2023, directly contributing to the empowerment and academic advancement of these individuals.

In addition to supporting these scholars, we also actively engage in various educational initiatives to further enhance learning opportunities within our communities. This includes sponsoring schools and their programs, like SJK Chung Hwa 3, the Majlis Anugerah Cemerlang SMK Segambut Tahun 2023/2024, Kem Motivasi Belajar Bahasa Cina SMK/SMJK, among others.

Our initiative also extends to supporting the development of educators by contributing to Malaysia Secondary Schools' Mandarin Teachers. We also recognise outstanding achievers through donations to the Young Achiever Education Award. Through these efforts, we are dedicated to fostering a brighter future for our scholars and their communities.



SUSTAINABILITY STATEMENT (CONT'D)

Community Well-being through Charitable Initiatives

Our commitment to community well-being goes beyond financial support as it is about creating meaningful and joyous experiences. Through our charitable initiatives, we support four (4) charity homes, providing them with essential resources and assistance, directly benefitting 412 individuals from underprivileged groups.

Our support includes establishing the bi-monthly food assistance program, which aims to alleviate hunger and provide nutritious meals for vulnerable populations. Our support extends beyond material aid; we also actively participate in celebrating festivals and birthdays with the residents, fostering a sense of belonging and joy within these homes.

These celebrations extend beyond mere festivities; they are an expression of care, inclusivity, and a shared sense of joy. Through these initiatives, we aim to create an atmosphere of warmth and belonging within the charity homes, providing not just financial assistance but also emotional support to those in need.

Financial Donations to Non-Profit Organisations

Over the course of our commitment to social responsibility, we are proud to report that to date, a total of RM146,489 has been invested in non-profit organisations, contributing to initiatives such as charity homes, schools, MISIF, and FMM.

Community Welfare and Infrastructure Maintenance

In our commitment to both community welfare and infrastructure maintenance, we engage in various initiatives aimed at supporting and enhancing the well-being of our communities.

This includes donations such as steel materials to the Klang Police and collaboration with government hospitals for blood donations. We also take pride in our commitment to maintaining and enhancing community infrastructure, such as the YJAJ Roundabout Maintenance and Water Pond Fountain Painting.



Beyond monetary contributions, the Group actively promotes employee volunteering by establishing accessible channels for engagement in charitable endeavours through Group-wide communication channels, including email. Community activities and initiatives are disseminated via WhatsApp and email to expand outreach and enrich the community. The effectiveness of our approach is evident through a slight increase in our volunteering rate as compared to 2022, as shown below.

Record of Employee Volunteering	2022	2023
Total volunteering hours	15.9	20.5
Number of employees who volunteered	82	136
Percentage of employees who volunteered	4.0%	6.0%

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE CENTRED

At Ann Joo, our commitment to integrity, transparency, and trust serves as the foundation of our operations. This steadfast dedication is exemplified by our proactive approach to anti-corruption measures and our advocacy for good governance practices. These initiatives not only ensure stability but also nurture enduring relationships built on a solid foundation of trust.

In addition to our dedication to integrity, we acknowledge the significance of environmental and social compliance. We strive not only to meet but to surpass regulatory standards by safeguarding ecosystems, upholding workers' rights, and enriching community well-being. In doing so, we set a high standard for responsible business conduct.

Moreover, sustainable supply chains lie at the core of our operations. Recognising their pivotal role in addressing global challenges, we prioritise environmental responsibility and social equity across our value chain. This commitment not only fosters resilience but also contributes to a more sustainable future for Ann Joo, as well as the communities we proudly serve.

CORPORATE GOVERNANCE AND BUSINESS ETHICS

Corporate governance and business ethics form the bedrock of our organisational values at Ann Joo. We adhere to principles that ensure transparency, accountability, and responsible decision-making. Our governance framework is designed to meet the highest standards, aligning with regulatory requirements and promoting the best interests of our stakeholders.

We believe that by fostering a strong ethical foundation and robust governance practices, we not only enhance our reputation but also contribute to sustained business success and stakeholder trust. Through ESG risk assessment, commitment to anti-corruption practices, and robust supply chain management, we prioritise ensuring that good governance remains at the core of our business conduct.

ESG Integration in Risk Management

ESG risk management is integral to our sustainable business practices, impacting both the Group's long-term value and stakeholders. Effectively managing ESG risks involves identifying, assessing, and mitigating risks related to environmental impact, social responsibility, and corporate governance. Ann Joo regularly reviews material risks and their potential impact on our operations.

In the iron and steel industry, environmental risks such as waste emissions, hazards, safety, health, climate change, global warming, and chronic illnesses are crucial. Our Integrated Management System ("IMS") ensures continuous improvement and compliance with environmental, safety, and health standards. IMS roles include policy development, risk evaluation in Quality Management, Environmental Aspects, Occupational Health and Safety Hazards, Information Systems and Technology, and Monitoring and Measurement.

Given that, the Group has established a robust internal control system within its management processes to ensure effective risk management, as outlined in the Risk Management and Internal Control Statement. Both the Board and Management share the responsibility for overseeing and ensuring the realization of the Group's sustainable value through the governance of sustainability risks.

For detailed information on each level's responsibilities in managing ESG-related risks and opportunities, refer to the Statement of Corporate Governance Overview and Statement on Risk Management and Internal Control in this Annual Report.

SUSTAINABILITY STATEMENT (CONT'D)

Upholding Anti-Corruption

Effective anti-corruption measures bolster economic integrity through increased investor confidence, leading to transparent and accountable business environments. This can result in more efficient resource allocation, heightened productivity, and sustained economic growth.

Recognising its significance, the oversight of anti-corruption matters has been entrusted to the Group Managing Director and fortified by the implementation of ABAC Policy & Procedures. In line with the policy, Ann Joo Group's operational guidelines prioritise due diligence, conducting assessments or evaluations on relevant parties or personnel with significant exposure to bribery and corruption risks before formalising any relationships.

In our ongoing commitment to integrity and transparency, Ann Joo has seamlessly embedded corruption risk assessment into our annual audit process, encompassing 100% of our operations.

The policy explicitly prohibits employees from offering Gifts, Entertainment, and Hospitality ("GEH"), and Ann Joo has established procedures for handling such instances. Additionally, all employees are required to declare any received GEH in compliance with Ann Joo Group's operating policies and procedures.

Going beyond internal practices, the Group has integrated its anti-corruption agenda into the entire supply chain. This commitment is evident in the procedures implemented to conduct a comprehensive counterparty search before Ann Joo collaborates with Business Associates. The objective is to thoroughly understand the business and background of potential counterparts before formalising any business arrangements.

Anti-Corruption Training and Communication

Ann Joo is dedicated to ensuring that training sessions covering elements of corruption, such as bribery, or comprehensive anti-corruption training, are conducted for both existing and new employees. Since 2021, we have implemented a mandatory anti-corruption training program for all new hires. While all employees have acknowledged the ABAC policy upon its implementation, the Group recognised the importance of providing formal training for existing employees following the initial sign-offs.

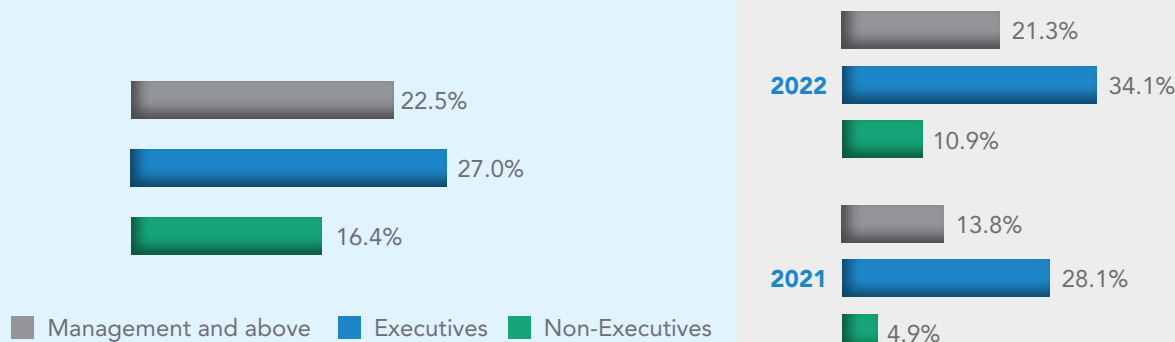
Moving forward, the Group is committed to improving this aspect by implementing yearly refresher aligning with our KPIs and targets. These sessions will ensure that all employees remain updated and compliant with the ABAC policy. This commitment is effectively communicated across our entire organisation and throughout our value chain.

The communication channels include email notifications targeting business associates and suppliers, regular onboarding briefings for new employees, and internal communication methods for existing employees. This multifaceted approach aims to reinforce awareness and understanding of anti-corruption principles at various levels within the Group and its extended network.



SUSTAINABILITY STATEMENT (CONT'D)

ANTI-CORRUPTION TRAINING ATTENDED BY EMPLOYEES 2023



Note: The percentage of employees who have received anti-corruption training is calculated by dividing the number of trained employees by the total number of employees in each category.

Specific to external stakeholders, we initiated the implementation of our anti-bribery and anti-corruption measures in 2021, notifying all vendors through documentation. Newly added vendors have agreed to these measures by signing purchase orders, contracts, and agreements containing the pertinent clauses since 2021. Additionally, our new vendor registration form includes relevant policies, ensuring vendors' understanding and acceptance. Furthermore, we have enhanced our purchase orders and contracts to explicitly incorporate these measures.

The Group will conduct regular internal and external audits to assess the effectiveness of its anti-corruption programs, policies, and standards. Any identified shortcomings are reported to the Audit Committee as material weaknesses in the internal control system, demonstrating the company's commitment to transparency and continuous improvement in anti-corruption measures.

Whistleblowing Channel

A whistleblowing mechanism has been established to facilitate the reporting and investigation of anti-corruption concerns. The Senior Independent Director oversees the process, ensuring a confidential avenue for reporting and thorough investigation of reported issues.

The Group is steadfast in its commitment to maintaining a track record of zero corruption incidents. To date, there have been no reported cases of corruption within the Group. Additionally, there have been no instances of contracts with suppliers and contractors being terminated or not renewed due to violations related to corruption, further emphasising the Group's dedication to integrity and ethical business practices.

2023: Zero

2022: Zero

2021: Zero

There have been zero incidents of corruption, employee dismissals, terminated contracts due to corruption violations, or public legal cases brought against the Group or its employees.



Practising Anti Competition

Ann Joo upholds ethical business conduct within its operations, adhering to the best practices outlined by the Malaysia Competition Commission and complying with the legislative requirements of the Competition Act 2010. The Group believes that promoting a healthy competitive culture in Malaysia's business environment contributes to robust competition and supports the country's economic progress.

SUSTAINABILITY STATEMENT (CONT'D)

SUPPLY CHAIN MANAGEMENT

As an integral part of the industry supply chain, we depend on a diverse network of suppliers, vendors, service providers, customers, and traders both locally and globally.

Recognising the importance of supply chain management, we cultivate long-term partnerships with local suppliers to ensure uninterrupted supply at competitive prices, maintain material quality consistency, and secure reliable material delivery. These factors contribute to effective production planning and help minimise operational disruptions.

Through our Sustainable Procurement Policy, we aim to extend sustainability principles to our stakeholders. We hold our suppliers to high standards of business ethics and sustainability, emphasizing social and environmental responsibility throughout the supply chain.

The Sustainable Procurement Policy specifically addresses the following sustainability matters:

Safety, Health and Environmental

Ann Joo places expectations on its suppliers to proactively address safety, health, and environmental concerns by adhering to relevant laws and striving to anticipate and prevent any adverse impacts. Key points in this expectation include:

- Suppliers should adopt a systematic and proactive approach to minimize environmental impact, focusing on pollution prevention, waste reduction, and resource optimisation, including energy and water use.
- Efficient transportation management is encouraged to reduce risks and environmental impact.
- Suppliers are required to provide a safe and healthy work environment, taking necessary measures to prevent incidents and injuries. Occupational hazards and injuries should be documented, with preventive actions implemented.
- In sourcing of raw materials and incorporating environmental criteria into the screening process for suppliers, the Group will conduct visits (when necessary) to review sustainability practices, ensuring alignment with environmental and social sustainability standards.

Human Rights and Labour Standards

Ann Joo places a strong emphasis on ethical and fair treatment within its supply chain. Key expectations for suppliers in this regard include:

- Suppliers are required to adhere to applicable local employment laws for all their employees and contracted labour, ensuring fair and respectful treatment.
- Suppliers to adopt fair human rights practices, fostering a work environment that upholds dignity and respect. Compliance with standards, rules, and regulations set by local authorities is essential.
- Actively engages with its suppliers in collaborative efforts to identify and effectively manage risks. This joint effort aims to enhance overall productivity and efficiency within the supply chain.

SUSTAINABILITY STATEMENT (CONT'D)

Group Proportion of Spending on Local Suppliers



2023: 54.6%

2022: 44.1%

2021: 69.0%

Supporting Local Procurement

Supporting local procurement is crucial for fostering economic growth, job creation, and national resilience. By prioritising domestic suppliers, we not only stimulate the local economy but also reduce our dependence on foreign sources. This approach bolsters the competitiveness of domestic manufacturers, ensuring a robust and self-sustaining industrial ecosystem. It also promotes environmental sustainability by minimising the carbon footprint associated with long-distance transportation.

Ann Joo consistently endeavours to source materials from local suppliers whenever feasible, showcasing a strong commitment to supporting local sources.

This commitment is demonstrated by the Group's increased proportion of procurement spending in 2023, with 54.6% allocated to local suppliers compared to the previous year.

DATA PRIVACY AND CYBERSECURITY

Ann Joo acknowledges the paramount importance of safeguarding stakeholders' data and is committed to employing commercially acceptable means to protect the personal data of business associates and employees, in full compliance with the Personal Data Protection Act 2010.

Over the past three years, the Group has had zero recorded complaints of data breaches. This accomplishment highlights the Group's steadfast commitment to upholding the highest levels of data privacy and security, reinforcing its reputation as a reliable partner to stakeholders.

As we look towards the next reporting year, Ann Joo remains proactive in enhancing its data protection measures. The Group is actively pursuing the establishment of public policies aimed at reinforcing its commitment to data protection and privacy, in alignment with evolving regulatory requirements and industry best practices. This ongoing effort reflects our continuous commitment to safeguarding stakeholders' data and maintaining their trust.

Number of substantiated complaints concerning breaches of customer privacy and losses of customer data



2023: Zero

2022: Zero

2021: Zero

SUSTAINABILITY STATEMENT

(CONT'D)

Indicator	Measurement Unit	2021	2022	2023
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	727,462.80	818,211.80	730,143.40
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	254,731.90	273,960.90	281,358.20
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	2,283.80	2,505.40	2,888.50
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	2,653,472,115.00	2,743,147,138	280,983,598.61
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	1,609.000000	1,817.000000	2,017.000000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	659,968.00	627,798.00	644,140.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	659,309.00	627,142.00	643,464.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	659.00	656.00	676.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	0	0	156
Management	Hours	975	782	506
Executive	Hours	1,619	4,005	3,523
Non-Executive	Hours	4,287	5,678	5,978
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	13.80	14.50	18.60
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	5	2	8
Management	Number	27	23	29
Executive	Number	79	95	85
Non-Executive	Number	194	149	132
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 31-50	Percentage	44.10	45.00	44.40
Senior Management Between 51-65	Percentage	38.20	42.50	47.30
Senior Management Above 65	Percentage	17.60	12.50	8.30
Management Under 30	Percentage	1.90	0.90	0.00
Management Between 31-50	Percentage	68.30	77.30	80.20
Management Between 51-65	Percentage	27.90	21.80	19.80
Management Above 65	Percentage	1.90	0.00	0.00
Executive Under 30	Percentage	26.10	40.20	42.70
Executive Between 31-50	Percentage	53.30	44.50	42.20
Executive Between 51-65	Percentage	20.20	15.20	15.10
Executive Above 65	Percentage	0.40	0.00	0.00
Non-Executive Under 30	Percentage	10.30	21.50	26.00
Non-Executive Between 31-50	Percentage	71.50	66.90	62.00
Non-Executive Between 51-65	Percentage	18.10	11.70	12.00
Non-Executive Above 65	Percentage	0.10	0.00	0.00
Gender Group by Employee Category				
Senior Management Male	Percentage	81.80	85.00	83.00
Senior Management Female	Percentage	18.20	15.00	17.00
Management Male	Percentage	69.80	72.00	72.60
Management Female	Percentage	30.20	28.00	27.40
Executive Male	Percentage	66.70	65.00	67.40
Executive Female	Percentage	33.30	35.00	32.60
Non-Executive Male	Percentage	92.60	94.00	93.80
Non-Executive Female	Percentage	7.40	6.00	6.20
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	88.90	88.90	83.00
Female	Percentage	11.10	11.10	17.00
Under 30	Percentage	0.00	0.00	0.00
Between 31-50	Percentage	33.30	22.20	33.30
Between 51-65	Percentage	33.30	33.30	33.30
Above 65	Percentage	33.30	44.50	33.30
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	1	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2.00	2.50	1.40

SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2021	2022	2023
Bursa C5(c) Number of employees trained on health and safety standards	Number	0	903	493
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	312,000.00	249,000.00	356,231.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	282	437	431
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management and above	Percentage	13.80	21.30	22.50
Executive	Percentage	28.10	34.10	27.00
Non-Executive	Percentage	4.90	10.90	16.40
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	69.00	44.10	54.60
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

Internal assurance External assurance No assurance

(*) Restated

SUSTAINABILITY STATEMENT

(CONT'D)

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE REFERENCE / REASONS FOR OMISSION
GRI 2: General Disclosures 2021	2-1 Organisational details	Corporate Information, Page 3
	2-2 Entities included in the organisation's sustainability reporting	Reporting Scope and Boundary, Page 26
	2-3 Reporting period, frequency and contact point	Report Availability and Feedback, Page 26-27
	2-4 Restatements of information	Environment Responsibility: Energy Consumption, Page 56 Group Freshwater Consumption, Page 58 Water Quality Assurance, Page 59 Materials Consumption, Page 63 Social Empowerment: Training Data, Page 70 OSH Performance, Page 77
	2-5 External assurance	Data Quality and Assurance, Page 27
	2-6 Activities, value chain and other business relationships	Our Value Creation, Page 31
	2-7 Employees	Diversity and Equal Opportunity, Page 73
	2-8 Workers who are not employees	
	2-9 Governance structure and composition	Sustainability Governance, Page 34-35
	2-10 Nomination and selection of the highest governance body	
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	
	2-15 Conflicts of interest	Board of Directors, Page 4-7
	2-16 Communication of critical concerns	Corporate Governance and Business Ethics, Page 82
	2-17 Collective knowledge of the highest governance body	Corporate Governance Overview Statement, Page 102-110
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	Not applicable
	2-21 Annual total compensation ratio	
	2-22 Statement on sustainable development strategy	Message from the Group Managing Director, Page 24-25
	2-23 Policy commitments	Sustainability Governance, Page 35
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	Human Rights and Labour Practices, Page 72
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	Sustainability Governance, Page 35
	2-28 Membership associations	Ann Joo's Participation and Contribution to Industry Development and Economic Growth of the Country, Page 28
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, Page 43-46
	2-30 Collective bargaining agreements	Not applicable.

SUSTAINABILITY STATEMENT (CONT'D)

GRI STANDARD		DISCLOSURE	PAGE REFERENCE / REASONS FOR OMISSION
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment, Page 41-42
	3-2	List of material topics	
	3-3	Management of material topics	
ECONOMIC PERFORMANCE			
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Success, Page 47
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Direct Economic Values, Page 47
	201-2	Financial implications and other risks and opportunities due to climate change	Data unavailable.
	201-3	Defined benefit plan obligations and other retirement plans	Employee Benefits and Well-being, Page 70
	201-4	Financial assistance received from government	Not applicable.
INDIRECT ECONOMIC IMPACTS			
GRI 203: Indirect Economic Impacts 2016	3-3	Management of material topics	Indirect Economic Values, Page 48-49
	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	
PROCUREMENT PRACTICES			
GRI 204: Procurement Practices 2016	3-3	Management of material topics	Supply Chain Management, Page 83
	204-1	Proportion of spending on local suppliers	Supporting Local Procurement, Page 84
ANTI-CORRUPTION			
GRI 205: Anti-corruption 2016	3-3	Management of material topics	Upholding Anti-Corruption, Page 81
	205-1	Operations assessed for risks related to corruption	Upholding Anti-Corruption, Page 81
	205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption Training and Communication, Page 82
	205-3	Confirmed incidents of corruption and actions taken	Whistleblowing Channel, Page 82
CUSTOMER PRIVACY			
GRI 418: Customer Privacy 2016	3-3	Management of material topics	Data Privacy and Cybersecurity, Page 84
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
MATERIALS			
GRI 301: Materials 2016	3-3	Management of material topics	Resources Management, Page 62-63
	301-1	Materials used by weight or volume	
	301-2	Recycled input materials	
	301-3	Reclaimed products and their packaging materials	
ENERGY			
GRI 302: Energy 2016	3-3	Management of material topics	Energy Management, Page 55
	302-1	Energy consumption within the organisation	Energy Consumption, Page 56
	302-2	Energy consumption outside of the organisation	
	302-3	Energy intensity	Energy Intensity, Page 57

SUSTAINABILITY STATEMENT (CONT'D)

GRI STANDARD		DISCLOSURE	PAGE REFERENCE / REASONS FOR OMISSION
WATER AND EFFLUENTS			
GRI 303: Water and Effluents 2018	3-3	Management of material topics	Water Management, Page 58
	303-1	Interactions with water as a shared resource	
	303-2	Management of water discharge-related impacts	Data unavailable.
	303-3	Water withdrawal	
	303-4	Water discharge	Water Management, Page 58
	303-5	Water consumption	
BIODIVERSITY			
GRI 304: Biodiversity 2016	3-3	Management of material topics	Biodiversity Conservation, Page 64-65
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	
EMISSIONS			
GRI 305: Emissions 2016	3-3	Management of material topics	Climate Change and Emissions, Page 51-52
	305-1	Direct (Scope 1) GHG emissions	GHG Emissions, Page 52
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	Carbon Intensity, Page 52
	305-4	GHG emissions intensity	
WASTE			
GRI 306: Waste 2020	3-3	Management of material topics	Waste and Effluents, Page 60-62
	306-1	Waste generation and significant waste-related impacts	
	306-2	Management of significant waste-related impacts	Waste and Effluents, Page 61
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
EMPLOYMENT			
GRI 401: Employment 2016	3-3	Management of material topics	Social Empowerment, Page 65
	401-1	New employee hires and employee turnover	Hiring and Attrition, Page 66-67
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits and Well-being, Page 70
	401-3	Parental leave	Employee Benefits and Well-being, Page 70-71
LABOUR / MANAGEMENT RELATIONS			
GRI 402: Labor/Management Relations 2016	3-3	Management of material topics	Talent Management, Page 65-66
	402-1	Minimum notice periods regarding operational changes	Talent Management, Page 66

SUSTAINABILITY STATEMENT (CONT'D)

GRI STANDARD		DISCLOSURE	PAGE REFERENCE / REASONS FOR OMISSION
OCCUPATIONAL HEALTH AND SAFETY			
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	Occupational Safety and Health, Page 76
	403-1	Occupational health and safety management system	Occupational Safety and Health, Page 76-77
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	Data unavailable
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health, Page 76
	403-5	Worker training on occupational health and safety	Occupational Safety and Health, Page 76
	403-6	Promotion of worker health	Occupational Safety and Health, Page 76
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health, Page 76-77
	403-8	Workers covered by an occupational health and safety management system	Occupational Safety and Health, Page 76
	403-9	Work-related injuries	Occupational Safety and Health, Page 77
TRAINING AND EDUCATION			
GRI 404: Training and Education 2016	3-3	Management of material topics	Training and Career Development, Page 68-69
	404-1	Average hours of training per year per employee	Training and Career Development, Page 70
	404-2	Programs for upgrading employee skills and transition assistance programs	Training and Career Development, Page 69
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance Development, Page 68
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	Diversity and Equal Opportunity Workplace, Page 73
	405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity Workplace, Page 73-75
NON-DISCRIMINATION			
GRI 406: Non-discrimination 2016	3-3	Management of material topics	Human Rights and Labour Practices, Page 72
	406-1	Incidents of discrimination and corrective actions taken	Human Rights and Labour Practices, Page 72
CHILD LABOUR			
GRI 408: Child Labour 2016	3-3	Management of material topics	Human Rights and Labour Practices, Page 72
FORCED OR COMPULSORY LABOUR			
GRI 409: Forced or Compulsory Labour 2016	3-3	Management of material topics	Human Rights and Labour Practices, Page 72
LOCAL COMMUNITIES			
GRI 413: Local Communities 2016	3-3	Management of material topics	Community Engagement and Development, Page 78-79
	413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholder Engagement, Page 45, Community Engagement and Development, Page 78-79
SUPPLIER SOCIAL ASSESSMENT			
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	Supply Chain Management, Page 83-84

SUSTAINABILITY STATEMENT (CONT'D)

TCFD STATEMENT

TCFD Disclosures	
Governance	
Describe the Board's oversight of climate-related risks and opportunities.	Ann Joo's Board and Management team directly oversee all material topics, including those pertaining to climate issues, through the Group's sustainability governance structure. Within this framework, the Ann Joo Board of Directors is tasked with overseeing and approving overall sustainability policies and initiatives. The Board provides direction on the Group's sustainability strategy and serves as the ultimate decision-making authority concerning the Group's sustainability directions. Further information can be found in the Sustainability Governance section (page 34-35) and Climate Change and Emissions (page 51-54).
Describe the management's role in assessing and managing climate-related risks and opportunities.	Led by the Group Managing Director, the Sustainability Steering Committee plays a pivotal role within the sustainability governance structure by supporting the Board in executing, reviewing and monitoring sustainability initiatives at the operational level. Their responsibilities include identifying the material sustainability matters of the organisation, and managing and prioritising the material matters, including those related to climate change. The Sustainability Steering Committee is responsible for providing timely updates to the Board on sustainability progress, including energy consumption and other climate intensity measurement-related data. They are also expected to advise the Board and seek endorsement on the sustainability agenda when necessary. For more information, please refer to the Sustainability Governance section on page 34-35.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.	The Board and Management of Ann Joo acknowledge the significant potential impact of climate-related risks on the Group's cash flows, reputation, and operational licenses. This includes the risk of losing access to financing from investors and lenders, as ESG and climate-risk considerations become increasingly integrated into investment and business decisions.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	In response, the Group is committed to systematically and strategically addressing all sustainability-related risks and opportunities to mitigate their potential impact on the Group's financial performance.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2oC or lower scenario.	Furthermore, the Board and Management of Ann Joo have undertaken substantial efforts to comply with Practices 4.1 to 4.4 of the Malaysian Code on Corporate Governance (MCCG) 2021. This includes regular participation in ESG briefings and training sessions to stay informed about sustainability developments. In FY2023, the relevant working groups and Management team participated in a workshop aimed at establishing ESG key performance indicators (KPIs) and targets. This initiative aims to improve the tracking and management of the Group's sustainability performance and enhance organisational resilience. For more information, please refer to the ESG KPIs and Targets section (pages 37-40).

SUSTAINABILITY STATEMENT (CONT'D)

TCFD STATEMENT

TCFD Disclosures

Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks.

Currently, Ann Joo does not have a dedicated process for identifying and evaluating climate-related risks and opportunities. With the increasing impact of climate change, we anticipate a rise in natural disasters which may potentially affect goods availability and the overall supply chain distribution network.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

To address the evolving challenges of climate change and market transitions, Ann Joo has taken a significant step forward by tracking, disclosing and reporting our GHG emissions. This is important for Ann Joo to gain valuable insight into our carbon footprint, strategise better initiatives in tackling emission reduction, and ultimately transition into a low-carbon economy.

Detailed information on how these initiatives support the Group's resilience against climate change can be found in the Environmental Responsibility section, from pages 51 to 65.

As and when climate-related risks emerge, they will be presented to dedicated working groups and committee members for further management and integration into the Group's overall risk management strategy, following the guidelines outlined in the Sustainability Governance structure detailed from pages 34 to 35.

Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

During FY2023, the Group initiated the disclosure of its GHG emissions by accounting for both direct (Scope 1) and indirect emissions (Scope 2) from the Group's business operations.

For Scope 1, Ann Joo has quantified CO₂e emissions in terms of tonnes of CO₂e emitted per litre of fuel consumption whereas CO₂e emissions are measured in terms of tonnes of CO₂e emitted per kWh of electricity for Scope Two. These data are then compared with the Group's revenue in RM Million and production output in tonnes to calculate respective carbon intensities.

Please refer to the **Energy Management** (pages 55-57) and **Climate Change and Emissions** (pages 51-54) sections for more information.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.

In FY2023, Ann Joo's CO₂e emissions across Scope 1, 2 and 3 totalled 1,014,390.1 tonnes, a substantial reduction from the previous year's 1,094,678.1 tonnes. The decline is largely linked to the incorporation of renewable energy into our energy mix, the use of hybrid technology, and the utilisation of alternative cleaner raw materials to reduce natural gas consumption.

More information is provided in the **Climate Change and Emissions** (pages 51-54) and **Energy Management** (pages 55-57).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Ann Joo Resources Berhad ("Ann Joo" or the "Company") reaffirms its commitment to good corporate governance and best practices for the Group in line with the recommendations of the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia and the provisions in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board devotes considerable efforts to ensure the highest standards of corporate governance are practised as they believe upholding sound and effective practices are fundamental to the operations of the Group, to increase investors' confidence and to protect long-term shareholders' and stakeholders' interests as well as its relevance, effectiveness and sustainability in addressing the challenges of the future business environment.

The Board is pleased to present this Corporate Governance ("CG") Overview Statement (the "Statement") to provide shareholders and investors with an overview of the CG practices adopted by the Company in the financial year ended 31 December 2023 as set out in MCCG with reference to the following three key principles:

- (i) Principle A : Board Leadership and Effectiveness;
- (ii) Principle B : Effective Audit and Risk Management; and
- (iii) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement is to be read together with the Company's CG Report for the financial year ended 31 December 2023 published on the Company's website at www.annjoo.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

1.1 Clear Roles and Responsibilities

The Directors collectively and individually have a legal and fiduciary duty to act in good faith and in the best interest of the Company to ensure the overall strategic and long-term success of the Group and to provide oversight of Management's performance, risk management and internal control as well as compliance with regulatory requirements.

The functions of the Board and Management are clearly defined to ensure the effectiveness of the Group's business and operations. Directors are refrained from involving in any improper use of information, property or opportunity gained through the position of director or engaging in business which is in competition with the Group.

The Board provides leadership and direction to the business and operations of the Group by setting goals, policies and targets within a prudent framework. The Board also ensures risks are appropriately assessed and managed effectively as well as ensuring the necessary resources allocation and capabilities are in place to achieve its vision towards corporate sustainability.

The Board assumes the following key roles and responsibilities, which are to be discharged in the best interest of the Company:

- (a) At the beginning of each year, the Board reviews and adopts the Group's strategic plan and annual financial budget with key focus on strategies promoting business growth and sustainability, and strategies supporting environmental, social and governance ("ESG") agenda.
- (b) The Board oversees and monitors the day-to-day management of the Group's business operations which is led by the Group Managing Director and supported by the Deputy Group Managing Director and an experienced management team.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.1 Clear Roles and Responsibilities (cont'd)

The Board assumes the following key roles and responsibilities, which are to be discharged in the best interest of the Company (cont'd):

- (c) The Board, assisted by the Group Assurance & Advisory department under the Audit Committee, identifies key areas of financial and non-financial risks. The Board ensures adequacy and effectiveness of governance, the implementation of appropriate internal controls and mitigation measures to manage the risks identified to safeguard the shareholders' interests and the Group's business and assets. Further detailed on this subject is disclosed in the Statement on Risk Management and Internal Control on pages 123 to 125 of this Annual Report.
- (d) The Board oversees the Groups' succession planning, including identifying, appointing, training, determining the compensation of and where appropriate, replacing Board members and key senior management to ensure a continuous level of competency is in place in the Board and the key senior management team. The Board ensures that the key senior management team has the necessary skills and experience in discharging their duties.
- (e) The Board oversees the effective development and implementation of communication policy with all stakeholders and encourages the use of information technology for effective dissemination of information. The Board strives to provide shareholders and investors with accurate, relevance and timely information about the Group, its businesses and activities via the timely release of quarterly financial results, press releases, announcements and analyst briefings upon the release of each quarterly financial results. In addition, the Company's website at www.annjoo.com.my is constantly updated with the latest information about the Group.
- (f) The Board is responsible for the adequacy and integrity of the Group's internal control and management system including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The system of internal control is structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact on the business arising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of preventive, detective and corrective measures. The system of internal control is continuously reviewed and enhanced to ensure that appropriate controls are in place to identify, evaluate, manage and mitigate significant risks of the Group.

Further details on the Group's internal control system and the reviews of its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

1.2 Roles of the Chairman and Managing Director

The Group is led by the Group Non-Executive Chairman, Dato Lim Kiam Lam, and the Group Managing Director, Dato Lim Hong Thye, with their roles distinct, separated and responsibilities clearly defined between them. The segregation of roles and responsibilities of the Group Non-Executive Chairman and the Group Managing Director is clearly stated in the Company's Board Charter to ensure a balance of power and authority.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.2 Roles of the Chairman and Managing Director (cont'd)

The Group Non-Executive Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board with key functions as follows:

- acts as a direct liaison between the Board and the Management and as the communicator for Board's decisions where appropriate;
- in consultation with the Group Managing Director and the Company Secretary, sets the agenda of meetings and schedule deliberation of matters to ensure sufficient time is available for a thorough discussion;
- ensures that the Board is properly briefed on issues arising at Board meetings with adequate and accurate information provided in a timely manner to enable them to fulfil their functions, duties and responsibilities;
- ensures timely and effective communication with shareholders and relevant stakeholders;
- promotes open communication and creates an environment that allows constructive debates and feedbacks; and
- oversees compliance of statutory and regulatory requirements as well as establishing and promoting good corporate governance practices throughout the Group.

The Group Managing Director is delegated with the authority and responsibility to manage the operations and business development of the Group in accordance with the objectives and strategies established by the Board.

He has the following key responsibilities:

- leads the executive management and is responsible for the setting and implementing the Group's policies and procedures as well as overseeing and managing the day-to-day operations of the Group;
- ensure due execution of strategic goals, effective operations within the Group and to explain, clarify and inform the Board on key matters pertaining to the Group.
- ensure timely and comprehensive reporting and updating of financial position, business, market trends and economic environment to the Board;
- provide leadership and create a conducive environment that promote employees' motivation, performance and professional development;
- develop and maintain effective relations with government agencies, regulatory bodies and trade associations/institutions domestically and internationally;
- ensure compliance with statutory and regulatory requirements as well as establishing and promoting good corporate governance practices throughout the Group; and
- manage sustainability in an integrated and strategic manner, including the integration of sustainability considerations in the business operations of the Group.

1.3 Company Secretaries

The Board is supported by two professionally qualified Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. One of them is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and both of them hold practising certificates issued by the Companies Commission of Malaysia ("CCM"). The Company Secretaries have vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.3 Company Secretaries (cont'd)

All Directors, whether as a whole or in their individual capacity, have unrestricted access to the professional advice and services of the Company Secretaries as well as all information within the Group to assist them in the furtherance of their duties.

The Company Secretaries have the following key responsibilities:

- act as Secretary for all Board and Board Committees' meetings and ensure that all meetings are properly convened;
- record and minutes the proceedings of all Board, Board Committees and Management Committees meetings;
- advise the Board on its roles and responsibilities;
- ensure proper upkeep of statutory registers and records of the Company;
- provide support to the Chairman to ensure an effective functioning of the Board and assist the Chairman in the conduct of meetings;
- facilitate the assessments on the effectiveness of the Board and Board Committees and compile the results thereof;
- advisory role to the Board, particularly with regard to the Company's constitution, compliance of statutory and regulatory requirements;
- update and brief the Board on the latest changes and developments in corporate governance, statutory and regulatory requirements; and
- organise and manage the Company's annual general meeting.

The Company Secretaries have attended continuous professional development programmes such as trainings, seminars, workshops and talks conducted by the CCM, Bursa Securities and MAICSA to keep abreast with the relevant updates on statutory and regulatory requirements such as updates on the MMLR, compliance with the Capital Markets and Services Act 2007 ("CMSA"), Companies Act 2016 and matters concerning company law, capital market, corporate governance, and changes in the regulatory environment through continuous training and industry updates.

1.4 Board Charter

The Board has formalised and adopted a Board Charter which, inter alia, provides guidance on the Board composition, roles and responsibilities, reserved powers, Board meetings, and ethical standards and integrity expected of the Board.

There are several matters which are specifically reserved for the Board's approval, and these include:

- (a) Ensuring that the Company's goals are clearly established and that strategic plans and annual budget are in place to achieve the goals;
- (b) Ensuring that the Company's financial statements are true and fair and conform with accounting standards and all relevant laws and regulatory requirements;
- (c) Ensuring that the Company adheres to high standards of business ethics and corporate conduct;
- (d) Ensuring that the Company has appropriate risk management and sound internal control system;
- (e) Establishing policies to strengthen the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, technology, new products and development of its business capital; and
- (f) Reviewing, discussing and approving the appointment, remuneration and the terms of reference and policies of the Board, Board Committees and Key Senior Management.

The Board Charter is published at the Company's website at www.annjoo.com.my.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.5 Code of Conduct and Ethics

To maintain the highest level of integrity and ethical conduct, the Board had adopted and embedded a Code of Conduct and Ethics in the Board Charter, which serves the following objectives:

- (a) As a guide to all employees of the Group towards highest standards of personal and professional integrity in all aspects of their work-related activities;
- (b) Codify a standard of conduct where all Directors are expected to abide;
- (c) Protect the business interests of the Group;
- (d) Observe high standards of corporate governance, in particular the practices set out in the MCCG, MMLR of Bursa Securities, the Companies Act 2016 and the Capital Markets and Services Act 2007;
- (e) Maintain the Company's reputation on honesty and integrity; and
- (f) Foster compliance with applicable legal and regulatory obligations.

All Directors, management and employees are expected to always behave ethically and professionally. The Code of Conduct and Ethics is reviewed from time to time in line with changes and new developments in the external and internal environment.

To check if there is any conflict of interest, Board members are required to declare on a half-yearly basis his/her and person-connected's shareholdings in the Company. In situation of conflict of interest, the Director concerned shall abstain from discussion and voting on the matter.

The Code of Conduct and Ethics is published at the Company's website at www.annjoo.com.my.

1.6 Board Committees

The Board, which is the ultimate authority in decision-making on all significant matters, is assisted by four Board Committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Long-Term Incentive Plan Committee to enhance effectiveness and efficiency of the Board.

The Board is briefed at its meetings on matters deliberated by the Board Committees. Each Board Committee has its own terms of reference which clearly outlines its objectives, composition, roles and responsibilities, authority and procedures in pursuing the best practices prescribed in the MCCG.

The terms of reference are reviewed periodically by the respective Board Committee and endorsed by the Board to ensure effective and efficient decision-making within the Group. The effectiveness of each Board Committee will be reviewed and assessed by the Nomination Committee at least once a year.

At senior management level, Group Management Meetings and Divisional Meetings are held monthly to review the monthly and quarterly performance of the Group, deliberate on business and operational issues, review and monitor credit control, legal cases, identify key risks of the Group and discuss the control measures to mitigate those risks, review progress of medium and long term business strategies, and to make recommendation to the Board the strategic direction of the Group.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.7 Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to workplace, marketplace, community, environment, social, cultural and governance aspects of business operations which underpin sustainability.

The Board understands that balancing various aspects of business operations with the interests of various stakeholders is essential in enhancing investors' perception and public trust.

The Company strives to continuously achieve long term sustainable values for the stakeholders of the Group. The sustainability relating to environmental, social and governance ("ESG"), including their risks and opportunities to the Group, are reviewed and addressed quarterly under the purview of the Group Management Committee and subsequently deliberated at the Board meeting. The Group Managing Director, Dato' Lim Hong Thye, chairs the Sustainability Steering Committee and is responsible in providing directions to the Management in managing the strategic sustainability of the Group.

The Group communicates its sustainability strategies, priorities and targets to internal and external stakeholders via the Sustainability Statement set out in pages 24 to 92 of this Annual Report.

1.8 Whistleblowing Policy

The Group has in place a Whistleblowing Policy to maintain the highest standards of ethical behaviour and integrity. The Whistleblowing Policy which was adopted in April 2018 provides an avenue for whistle-blowers to raise concerns in good faith, confidentially and professionally of any improprieties within the Group and acts as a guide for employees, Directors, stakeholders and/or any other party with a business relationship with the Group to report improprieties without the fear of victimisation, reprisals, retaliation, threats, intimidation, discrimination or other unfair treatments as a result of their whistleblowing.

For this purpose, the complaint must be made in writing using the Whistle-blower Report Form and sent via email or by hand/post/courier to the Independent Non-Executive Director, Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar.

The Whistleblowing Policy is published at the Company's website at www.annjoo.com.my.

1.9 Anti-Bribery and Anti-Corruption Policy ("ABAC")

The Board has formalised an ABAC, including the setting up and strengthening of relevant policies and procedures designed to prevent and detect bribery, undertake control measures which are proportionate to the nature and size of the organisation as well as the proper training and communication of such policies and procedures.

The Group has taken proactive actions to strengthen the Group's internal processes and practices to ensure that adequate procedures are in place to prevent persons associated with the Group from involving in corrupt practices. Amongst others, the Group conducted risk assessment and gap analysis exercises in compliance with the relevant requirements and standards set out in the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Group reviews the ABAC and programme periodically to assess the performance, efficiency and effectiveness of the Group's ABAC processes and risk management system.

The ABAC Policy is published at the Company's website at www.annjoo.com.my.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.10 Diversity and Inclusion Policy

The Board has formalised a Diversity and Inclusion Policy that values and encourages diversity and inclusion of people in the workplace of the Group.

Diversity and inclusion are closely aligned with the Group's core values of integrity and humility, which guide the Group's businesses and operations.

The Group is committed to maintaining workplaces free from discrimination or harassment on grounds of gender, race, age, religion, indigenuity, sexual orientation, disability, social origin, and ethnicity. The basis of recruitment and hiring of employees is based on qualifications, skills and experience. Every employee has an equal opportunity in terms of training and development. The Group provides its employees with fair working hours, fair treatment, fair compensation and benefits.

The Group cherishes openness and respect for all, with zero tolerance for discrimination, victimization, threat, intimidation or harassment in the workplace. The Group is committed to maintaining a workplace that is safe and secure for all its employees.

The Diversity and Inclusion Policy is published at the Company's website at www.annjoo.com.my.

1.11 Human Rights Policy

The Board has also formalised a Human Rights Policy which strives to respect and protect human rights as set out in the UN Guiding Principles on Business and Human Rights in creating and impacting sustainable and positive host communities by respecting all human rights where the Group operates.

The Group's Human rights policy applies to all employees of the Group, including but not limited to full-time and part-time employees, foreign workers, third party contractors, suppliers, and business associates. This Policy covers area on (1) respecting Diversity and Inclusion; (2) respecting freedom of association and collective bargaining; (3) providing safety and health; (4) protecting environment; (5) prohibiting forced labour and human trafficking; and (6) protecting the rights of children.

The Human Rights Policy is published at the Company's website at www.annjoo.com.my.

1.12 Sustainable Procurement Policy

The Board has also formalised a Sustainable Procurement Policy as part of the Group's continuous commitment to sustainable and ethical business practices. The Group strives to collaborate with its stakeholders to ensure that the Group's values are reflected in the supplier's business conduct.

This Policy is adopted to align and extend the Group's values and principles, and it applies to external parties, including but not limited to the Group's suppliers. In doing so, the Group seeks to enhance the influence of its purchases to support and broaden access to, more sustainable goods and services.

The Sustainable Procurement Policy is published at the Company's website at www.annjoo.com.my.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.13 Environmental Policy

The Board has also adopted an Environmental Policy as part of the Group's commitment to effective environmental management to create a sustainable long-term value for its stakeholders.

This Policy outlines the Group's efforts in managing the environmental impact caused by the Group's business operations and sets policies on energy management, greenhouse gas emission control, pollution management, waste management, resource use and reuse, and water management.

The Environmental Policy is published at the Company's website at www.annjoo.com.my.

2. BOARD COMPOSITION

2.1 Board Balance

The Board currently has six members, comprising two Executive Directors, two Non-Independent Non-Executive Directors and two Independent Non-Executive Directors. The Board has complied with Paragraph 15.02 of the MMLR of Bursa Securities which stipulates that at least two or one-third of the Board, whichever is higher, must be Independent Directors. A brief profile of each Director is presented on pages 5 to 7 of this Annual Report and is also available on the website of the Company at www.annjoo.com.my.

The Board is made up of a strong and diverse mix of skills and experienced individuals with different background, specialisation and expertise, in areas such as entrepreneurship, economics, finance, human capital, sales and marketing, information technology, construction and engineering, legal and regulatory requirements, production and quality assurance, and public services to ensure the Board is effective and can optimise the performance and development of strategy of the Company in the best interests of the shareholders and other stakeholders of the Company.

The Board is satisfied with the outcome of an annual review on the Board size and composition and is of the view that the current composition is well-constituted with a right balance where no individual or small group of individuals can dominate the Board's decision-making. The Board, if necessary, will vary the current Board size and composition to enable the Board to be better equipped to respond to challenges that may arise.

Executive Directors are responsible for implementing policies and decisions of the Board and overseeing the Group's day-to-day operations as well as coordinating the development and implementation of business and corporate strategies. On the other hand, the Independent Non-Executive Directors provide objective and independent judgment to the decision-making of the Board, handling conflict of interest situation and all proceedings of the Board effectively through a system of independent checks and balances to the decisions of the Executive Directors, and to ensure that the interests of all shareholders and stakeholders are indeed considered by the Board. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted with individuals who are committed to the business integrity and professionalism in all its activities.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.1 Board Balance (cont'd)

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the MMLR. The key element in fulfilling the criteria is the appointment of an Independent Director, who is not a member of management and is free from any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company.

The Board has in place policies and procedures to ensure effectiveness of the Independent Directors. The Board has, through the Nomination Committee, conducted the following annual assessments in the financial year ended 31 December 2023:

- Independent Directors' self-assessment checklist to assess their independence and the result was reported to the Board.
- the Board has assessed, reviewed and concluded that the Independent Non-Executive Directors of the Company remain objective and independent. These are based on grounds that they have consistently exercised their independent judgement and challenged the management in an effective and constructive manner besides actively participated in Board discussion and provided an independent voice on the Board. The Independent Directors had provided their annual confirmation of independence to the Board.
- each Independent Director has undertaken to notify the Board on any change to his/her circumstances or on any new interest or relationship that would affect his/her independence as an independent director of the Company. Such change would be tabled at Board meeting for notation and deliberation.

On the option to set the tenure of an independent director at nine years or to seek shareholders' approval through a two-tier voting process to retain an independent director who has served in that capacity for more than nine years in accordance with MCGG recommendations, the Board holds the view that a director's independence cannot be determined arbitrarily with reference to a set tenure. The long tenure of service would not necessarily impair the independence of such director to discharge his/her duties with integrity and competency. The Board Charter sets out that the tenure of an Independent Director, unless approved by the shareholders for such further period, shall not exceed a cumulative term of twelve years. Prior to attaining the stipulated number of years, the Nomination Committee will consider the following and recommend to the Board accordingly:

- whether the Independent Director is to continue to serve on the Board, subject to his/her re-designation as a Non-Independent Director; or
- whether shareholders' approval through a two-tier voting process is to be sought to retain him/her as an Independent Director.

On 31 May 2023, two Independent Directors, namely Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Mohd Ali stepped down as members of the Board of Directors. Both had served as an Independent Director of the Company for a cumulative of more than 12 years. Their resignations are in line with the enhanced MMLR of Bursa Securities which limit the tenure of an independent director to not more than 12 years, effective from 1 June 2023.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.2 Board Gender Diversity

The Board supports the board's gender diversity as promoted by MCCG and had taken the initial step in appointing a female director, Dato' Chan Choy Lin, to the Board on 1 June 2018 as the Company recognises and embraces the benefits of having a diverse Board. The Board views that increasing gender diversity at Board level as an essential element in enhancing board effectiveness in the decision-making process.

The Board Charter has been revised to formalise the gender diversity to have at least one woman director. The Board recognises that the evolution of Board diversity to have at least 30% women on its Board is a long-term process and will take the gender diversity into consideration when vacancies arise.

The participation of women in management has also been practised and the Board Charter was revised on 29 November 2021 to include a review of the composition of management to ensure its composition comprises of at least 25% women.

2.3 Appointment of New Directors

The Nomination Committee is guided by the Nomination Policy and the Directors' Fit and Proper Policy in assessing the suitability of candidates before recommending the candidate to the Board for appointment.

Appointment to the Board is based on objective criteria, merit and due regard to skills, age, gender, character, experience, integrity, commitment, competency, qualifications, and track record of the candidates.

The Nomination Committee, when conducting assessment and evaluation on the potential candidates, will also consider the skills and expertise of the potential candidates in areas such as on information technology, legal, public relations and industry experience so as to ensure the potential candidate's skills and expertise fit and complement the matrix of skills of existing Directors.

The Board uses various channels, including from independent sources, to identify the most suitable candidate for appointment. In the case of candidate for Independent Non-Executive Director position, the Nomination Committee will also evaluate the candidate's capacity to devote the necessary time to the role, his/her potential conflict of interest and the ability to exercise independent judgment.

2.4 Re-election of Directors

In accordance with the Company's Constitution, one-third of the Directors are required to retire from office at every annual general meeting ("AGM") and all Directors shall retire at least once every three years. The retiring Directors shall be eligible for re-election at the AGM. Newly appointed directors during the year must offer themselves to the shareholders for re-election at the next AGM following their appointments.

The Nomination Committee reviews the tenure of each Director and the re-election of a Director is guided by the Company's Fit and Proper Policy, and satisfactory assessment of the Director's performance and contribution to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.5 Directors' Remuneration

Remuneration Committee

The Remuneration Committee comprises entirely of Non-Executive Directors, a majority of whom are Independent Directors, as follows:

Chairperson:

Dato' Chan Choy Lin (appointed as the Chairperson on 29 August 2023)
Datuk Kamarudin Bin Mohd Ali (resigned on 31 May 2023)

Members:

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar (appointed on 31 May 2023)
Dato' Lim Kiam Lam (appointed on 29 August 2023)
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (resigned on 31 May 2023)

On 31 May 2023, two Independent Directors, namely Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Mohd Ali relinquished their role as members of the Remuneration Committee following their resignations as members of the Board of Directors.

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Mohd Ali had, respectively, served as an Independent Director of the Company for a cumulative of more than 12 years. Their resignations are in line with the enhanced MMLR of Bursa Securities which limit the tenure of an independent director to not more than 12 years, effective from 1 June 2023.

The Remuneration Committee meets as and when required, but at least once a year. The Remuneration Committee met once during the financial year ended 31 December 2023 and details of attendance are as follows:

	Number of Meetings Attended	Percentage (%) of Attendance
Dato' Chan Choy Lin	1/1	100
Dato' Lim Kiam Lam	N/A*	N/A
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	N/A*	N/A
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	1/1	100
Datuk Kamarudin Bin Mohd Ali	1/1	100

* N/A – not applicable as the Remuneration Committee's meeting was held prior to their appointments.

The Board has in place a Remuneration Policy for Directors and Key Senior Management which have been designed to attract and retain the right talent in line with the Group's business strategies and long-term objectives and as a remuneration framework that incorporates both short-term and long-term incentives linked to the Company's performance and total shareholders' return.

The Remuneration Committee is responsible to review the performance of the Executive Directors and Key Senior Management and to make recommendations to the Board on the framework of the Executive Directors and Key Senior Management's remuneration packages that reflect their experience, market value, individual performance, job responsibilities and the Group's performance against the financial budget.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.5 Directors' Remuneration (cont'd)

Remuneration Committee (cont'd)

The remuneration of Non-Executive Directors (including Independent Directors) is in the form of Directors' fees which reflects the diverse experience, skill sets and the level of responsibilities. They are also being remunerated with the meeting attendance allowance.

In recommending the Group's remuneration, the Remuneration Committee may access to remuneration matters both within the Group and from external specialists in the same industry in which the Group operates. Nevertheless, the ultimate approval for the remuneration of Directors lies with the Board as a whole, with the respective interested Directors abstaining from deliberation and voting on the same.

The Terms of Reference of the Remuneration Committee is published at the Company's website at www.annjoo.com.my.

Remuneration of Directors

The Board took cognisance of Practice 7.1 of the MCCG, considered and evaluated the remuneration of the Directors and Key Senior Management having taken into account the demand and complexities of the Group's business, the individual's roles, responsibilities, contributions, skills and experiences required to perform the tasks as well as the Group's financial and non-financial performance such as on managing material sustainability risks and opportunities.

In compliance with the MCCG, the Company disclosed on a named basis, the Directors' remuneration for the financial year ended 31 December 2023, including breakdown of the individual Director remuneration into directors' fees, salaries, bonus, benefit-in-kinds, allowances and other emoluments. The disclosure is made in Practice 8.1 of the Corporate Governance Report, which is available on the Company's website at www.annjoo.com.my.

Remuneration of Key Senior Management

Practice 8.2 of MCCG states that the Company should disclose on a named basis the top five senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000. The Board is of the view that such disclosure will give rise to recruitment and talent retention issues and hence, will not apply this Practice.

As an alternative to achieve the intended outcome of Practice 8.2, the Company disclosed the aggregate remuneration of the Key Senior Management (excluding the remunerations of the Executive Directors who are also the members of the Key Senior Management, where their remunerations have been disclosed on a named basis). The names and respective profile of the Key Senior Management are disclosed on pages 8 to 10 of this Annual Report and the aggregate remuneration was RM2,754,463 in the financial year ended 31 December 2023. Their respective remuneration was determined by the Performance Management System adopted by the Group which reflects the market value and the individual's performance, job responsibilities and the Group's performance against financial objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.5 Directors' Remuneration (cont'd)

Long Term Incentive Plan ("LTIP") Committee

The LTIP Committee comprises entirely of Non-Executive Directors, a majority of whom are Independent Directors, as follows:

Chairman:

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar (appointed on 27 November 2023)
Datuk Kamarudin Bin Mohd Ali (resigned on 31 May 2023)

Members:

Dato' Lim Kiam Lam
Dato' Chan Choy Lin
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (resigned on 31 May 2023)
Lim Sin Seong (resigned on 29 August 2023)

The LTIP Committee was formed on 15 August 2016 and comprises not less than three members, with majority and the Chairman to be independent directors.

The LTIP Committee meets as and when required and they met once during the year 2023 on 17 April 2023. The attendance record of the LTIP Committee is as follows:

	Number of Meetings Attended	Percentage (%) of Attendance
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	N/A*	N/A
Dato' Lim Kiam Lam	1/1	100
Dato' Chan Choy Lin	1/1	100
Datuk Kamarudin Bin Mohd Ali	1/1	100
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	1/1	100
Lim Sin Seong	1/1	100

* N/A – not applicable as the Long-Term Incentive Plan Committee's meeting was held prior to his appointment.

The establishment of the LTIP Committee is to implement and administer the LTIP in such manner as it shall, in its discretion, deem fit and within such powers and duties as are conferred upon it by the Board and the LTIP By-Laws. The LTIP is a performance-based tool to align key personnel with the strategic direction and long-term value creation of the Group.

The LTIP is for a period of five years commencing on 1 January 2017 ("Effective Date") and may be extended by the Board at its absolute discretion for up to another five years immediately from the expiry of the first five years. The entire LTIP shall not in aggregate exceed ten years from the Effective Date or such longer period as may be allowed by the relevant authorities.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.5 Directors' Remuneration (cont'd)

Long Term Incentive Plan ("LTIP") Committee (cont'd)

The first five years of the LTIP expired on 31 December 2021 and the Board resolved to extend the LTIP for another five years commencing from 1 January 2022 to 31 December 2026 in accordance with the terms of the LTIP By-Laws.

An interested LTIP member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

The Terms of Reference of the LTIP Committee are published at the Company's website at www.annjoo.com.my.

3. BOARD EFFECTIVENESS

3.1 Supply of information

All Board members are supplied with accurate, complete, unrestricted and quality information on a timely manner. Information provided include comprehensive meeting papers consisting of progress reports on business operations, financial results, business and industry outlook, operational and regulatory compliance matters, corporate proposals and minutes of meeting of Board Committees and Group Management.

In the discharge of their duties, all Directors have full and unrestricted access to the Management including the Company Secretaries for information, clarifications, and explanations. If required, senior management, internal and external auditors, experts, and consultants may be invited to attend Board and Board Committees meetings to provide explanations and clarifications on the relevant agenda of the meeting to enable the Board or Board Committees to make informed decisions.

A formal and structured notice of meeting will be issued at least seven days prior to every Board and Board Committee meeting to enable the Directors or Board Committee members, as the case maybe, to have sufficient time to read and understand the subject matters and to obtain further explanations where necessary. In case of corporate proposals deemed material and price-sensitive, the supporting papers will be circulated to the Directors during the Board meeting. Directors who have a direct and/or indirect interest in the subject matters to be deliberated on will abstain from deliberations and voting on the matters.

Directors are updated by the Company Secretaries and Management on the follow-up of its decisions and recommendations by the Management. Directors have also been briefed by the Company Secretaries on corporate governance related matters. The Management, the Company Secretaries, external and internal auditors also briefed the Board periodically on the latest update or amendments on MMLR, MCCG and other regulatory requirements to assist the Directors to discharge their duties and responsibilities effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. BOARD EFFECTIVENESS (CONT'D)

3.2 Meetings and Time Commitment

All Directors are committed and devoted to discharge their roles and responsibilities effectively. All the Board and Board Committees meeting dates are pre-scheduled to enable all parties to plan their schedules ahead.

Board meetings of the Company are held at quarterly intervals with ad hoc meetings convened as and when necessary for special matters. The Board met on five occasions in the financial year ended 31 December 2023 to deliberate and consider matters on the Group's quarterly financial results, Company's strategies, related party and recurrent related parties transactions, business plan, annual financial budget, risk management and strategic direction of the Group.

None of the Directors hold more than five directorships in public listed companies at any one time which is the maximum number of directorships allowed under the MMLR.

As guided by the Board Charter, Directors are required to notify the Chairman and the Group Managing Director prior to accepting any new directorship appointment.

The attendance record of Directors at Board meetings is as follows:

	Number of Meetings Attended	Percentage (%) of Attendance
Dato' Lim Kiam Lam	5/5	100
Dato' Lim Hong Thye	5/5	100
Dato' Lim Aun Chuan	5/5	100
Mr. Lim Hong Hock	5/5	100
Dato' Chan Choy Lin	5/5	100
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar ^	3/3	100
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar *	3/3	100
Datuk Kamarudin Bin Mohd Ali *	3/3	100
Lim Sin Seong #	4/4	100
Lim Kien Lip #	4/4	100

^ Appointed on 20 April 2023

* Resigned on 31 May 2023

Resigned on 29 August 2023

The Board is satisfied with the level of time commitment given by each Director towards fulfilling his/her roles and responsibilities. All the Board members' meeting attendance for the financial year ended 31 December 2023 complied with the MMLR of Bursa Securities.

3.3 Directors' Training

The Board recognises the importance of continuous training for Directors to enable them to discharge their duties effectively. The Nomination Committee reviews the training needs of the Directors to ensure that they are continually equipped with the necessary skills and knowledge to meet the challenges ahead.

Directors are encouraged to evaluate their own training needs on a continuous basis and to attend relevant training programmes, webinars, conferences, forums and seminars to constantly update their knowledge as well as to enhance their skills. Existing and new Directors are encouraged to participate on-site visit to the Group's business locations to have a better understanding of the Group's business and operational matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. BOARD EFFECTIVENESS (CONT'D)

3.3 Directors' Training (cont'd)

All the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") Part I as prescribed under the MMLR. Some Directors have not completed the MAP Part II but are committed to do so before 1 August 2025.

The Directors undergo training programme and seminars from time to time and as, when necessary, to constantly update themselves and keep abreast with the industrial sector issues, the current and future developments in the industry, global market, management strategies, governance, laws, rules and regulatory matters.

The Directors have attended various training, forum, seminar, webinar, conference, dialogue, talks, briefing, congress, symposium and workshop. The details are as follows:

Name of Director	Mode (i.e. Forum, Training, Seminar, Webinar, Dialogue, Briefing, Conference, Congress, Symposium, Workshop)	Title
DATO' LIM KIAM LAM	Training Forum Seminar Training	- In-house Training: 2023 Budget briefing by Deloitte 2023 MISIF Trade Forum - Governance for Growth: Rejecting Corruption for Better & More Sustainable Business - In-house Training: 2024 Budget briefing by Deloitte
DATO' LIM HONG THYE	Briefing Briefing Training Forum Briefing Training Briefing Forum	- FMM Council Meeting - SEAFI Finance Committee Meeting - In-house Training: 2023 Budget Update by Deloitte - NCCIM Economic Forum - MISIF Annual General Meeting - In-house Training: 2024 Budget Update by Deloitte - MISIF Council Meeting - MISIF Trade Forum 2023
DATO' LIM AUN CHUAN	Training Dialogue Briefing Dialogue Conference Dialogue Forum	- In-house Training: 2023 Budget briefing by Deloitte - Session with MITI on New Industrial Master Plan (NIMP) 2030 - Purchasing Supplier Briefing 2023 by Perodua Malaysia - Budget 2023 Dialogue Session with Domestic Industry Associations by MITI 2023 Baosteel Automotive Customer Business Conference - Dialogue with China Iron and Steel Association by MISIF - MISIF Trade Forum 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. BOARD EFFECTIVENESS (CONT'D)

3.3 Directors' Training (cont'd)

The Directors have attended various training, forum, seminar, webinar, conference, dialogue, talks, briefing, congress, symposium and workshop. The details are as follows (cont'd):

Name of Director	Mode (i.e. Forum, Training, Seminar, Webinar Dialogue, Briefing, Conference, Congress, Symposium, Workshop)	Title
DATO' LIM AUN CHUAN (cont'd)	Training Briefing	- In-house Training: 2024 Budget briefing by Deloitte - Launching Ceremony of the Polytechnic Transformation Roadmap 2023-2030 by the Government-Industry Coordination Body (GITC)
LIM HONG HOCK	Training Briefing Forum Briefing Forum Workshop Training	- In-house Training: 2023 Budget briefing by Deloitte 10th Annual General Meeting of the Malaysia Iron & Steel Industry Federation (MISIF) Northern Region Branch - Singapore Green Steel Forum - ESG Briefing - MISIF Trade Forum 2023 - Navigating Global Market Dynamics for a Sustainable Future in the Iron & Steel Industry - Workshop with Stakeholders for GHG Inventory Preparation for Industrial Processes and Product Uses (IPPU) Sector - In-house Training: 2024 Budget briefing by Deloitte
TAN SRI DATUK WIRA DR. HJ. MOHD SHUKOR BIN HJ. MAHFAR	Training Briefing Seminar Conference Workshop Briefing Conference Training Training	- Merger and Acquisition Activities by Malaysian Institute of Accountants - Deputy Vice Chancellor Leadership Onboarding Programme by Higher Education Leadership Academy - National Tax 2022 Seminar (Budget 2023) - Virtual Tax Conference 2023 - Special Program for Public Universities' Board of Directors - Briefing on Special Voluntary Disclosure Programme 2.0 by Malaysian Inland Revenue Board ("IRB") - National Tax Conference 2023 - Advocacy Session for Directors and CEOs of Main Market Listed Issuers - Leadership Module

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. BOARD EFFECTIVENESS (CONT'D)

3.3 Directors' Training (cont'd)

The Directors have attended various training, forum, seminar, webinar, conference, dialogue, talks, briefing, congress, symposium and workshop. The details are as follows (cont'd):

Name of Director	Mode (i.e. Forum, Training, Seminar, Webinar Dialogue, Briefing, Conference, Congress, Symposium, Workshop)	Title
TAN SRI DATUK WIRA DR. HJ. MOHD SHUKOR BIN HJ. MAHFAR (cont'd)	Seminar	International Seminar on Human Resources (Competency Based Talents Management)
	Training	Management of Cyber Risk by Ernst & Young
	Briefing	E-Invoicing Briefing by IRB
	Seminar	Tax 2023 Seminar by IRB
	Training	In-house Training: 2024 Budget briefing by Deloitte
DATO' CHAN CHOY LIN	Training	Mandatory Accreditation Programme Part II: Leading for Impact
	Forum	Financial Institutions Directors' Education Forum: Business Luncheon Talk - Can America stop China's rise? Will ASEAN be damaged?
	Briefing	Briefing on Environmental, Social and Governance by KPMG
	Training	LeadWomen Sdn. Bhd. ("LeadWomen"): Becoming an effective Board member - Tips and Strategies
	Training	Revised 2023 Budget by Crowe Malaysia PLT
	Training	LeadWomen: Navigating Diversity, Equity, and Inclusion
	Training	In-house Training: 2023 Budget briefing by Deloitte
	Training	Cybersecurity Awareness by Sys Army Sdn Bhd
	Training	Transfer pricing for local group of companies
	Briefing	PwC: An exclusive briefing on the latest Income Tax (transfer pricing/ rules)
	Workshop	Sharing Session by the Chief Risk Officer of The Pacific Insurance Berhad: Climate Change Risk Knowledge
	Training	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers
	Training	KPMG PLT: Addressing Challenges in implementing International Sustainability Standards Board (ISSB) Standard
	Training	In-house Training: 2024 Budget briefing by Deloitte
	Briefing	Briefing on Budget 2024 by Crowe Malaysia PLT
	Training	Mandatory Accreditation Programme Part II: Leading for Impact

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE B:

EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Internal Controls and Risk Management

The Board recognises the importance of a sound framework for internal controls and risk management. The system applies to all financial and operating activities with the objective of safeguarding the shareholders' interest and the Group's assets.

The internal control systems have clear management support, including the involvement of the Board, and is designed to manage and mitigate risks to which the Group is exposed to. The Board is satisfied with the design and implementation of the internal control systems and assured that the systems are functioning effectively.

The internal audit function is carried out by an in-house internal audit team, which is independent of the operations of the Group, to provide reasonable assurance that the Company's system of internal control is satisfactory and functioning effectively.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls and risk management within the Group, is set out on pages 123 to 125 of this Annual Report.

2.0 Relationship with the Auditors

The Board via the Audit Committee has established and maintained a formal and transparent relationship with the Group's internal and external auditors. During the year, the Audit Committee met twice with the external auditors without the presence of the other Board members and the Management. Assurance from the external auditors has been received twice a year by the Board 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.

The Audit Committee is tasked with authority from the Board on an annual basis to conduct evaluation on the external auditors covering the audit scope, relationship, audit governance and independence, audit communication and audit fee as well as considering comments from the finance team on the performance of the external auditors.

The Audit Committee is satisfied with the performance of the external auditors, BDO PLT, and has recommended to the Board to put forth the proposal for shareholders' approval at the upcoming 28th AGM to re-appoint BDO PLT as the external auditors of the Company for the financial year ending 31 December 2024.

3.0 Financial Reporting

The Board aims to provide and present a balanced, clear and comprehensible assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the audited financial statements and announcements of quarterly results to the shareholders and the regulatory authorities.

The Audit Committee assists the Board to oversee the Group's financial reporting processes and the quality of its financial reporting by reviewing the information disclosed and to ensure its completeness, accuracy and adequacy prior to the release to Bursa Securities and Securities Commission. The role of the Audit Committee in reviewing and reporting of the financial information of the Group is outlined in the Audit Committee Report on pages 118 to 122.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE B (CONT'D):

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

3.0 Financial Reporting (cont'd)

The Directors are responsible for ensuring that the financial statements prepared are drawn up in accordance with the Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

PRINCIPLE C:

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH SHAREHOLDERS

1.1 Conduct of General Meetings

The Company recognises the importance of transparent and effective communications with shareholders and views the general meetings of shareholders, particularly its AGM, as a principal forum for direct two-ways interaction between the shareholders, the Board and the Management team.

The forthcoming 28th AGM will be conducted on a virtual basis in accordance with the Guidance Note issued by the Securities Commission and the Constitution of the Company which allows general meetings to be held virtually using technology or electronic means.

In line with good corporate governance practices, the notice and agenda of AGM of the Company will be circulated to shareholders at least twenty eight days prior to the AGM and such notice and agenda will be advertised in the press, released to Bursa Securities and posted on the website of the Company at www.annjoo.com.my concurrently.

Shareholders are encouraged to actively participate in the AGM by raising questions on the resolutions being proposed and on the Group's operations as well as to convey their expectations and concerns to the Board and Management Team. In the latest 27th AGM held on 19 June 2023, the Chairman of the Board and Board committees, all other members of the Board, the Management team and the external auditors were present to facilitate conversations and addressed questions and concerns from shareholders. There was no time limitation for shareholders to raise questions and to solicit replies from the Board.

To enhance the Company's corporate governance and in line with the MMLR, all the resolutions tabled at the Company's AGM are voted by poll via electronic voting. The explanatory note on the polling processes is included in the Administrative Guide circulated to shareholders and the same will be explained at the AGM prior to shareholders casting their votes. An independent scrutineer is appointed to validate the poll results. The scrutineer will announce the poll results and the same will be displayed on the screen before the closure of the AGM. Subsequently, the outcome is announced via Bursa Link on the same day.

A copy of the Group Managing Director's presentation and a summary of the key matters discussed at AGM are published on the Company's corporate website at www.annjoo.com.my as soon as practicable after the conclusion of the AGM.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE C (CONT'D):

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

1. COMMUNICATION WITH SHAREHOLDERS (CONT'D)

1.2 Engagement with Stakeholders

The Board is committed to ensuring a continuous communication between the Group and stakeholders to facilitate mutual understanding of each other's objectives and expectations. The Board strives to ensure the communication is effective, transparent and timely and is available on an equal basis to all stakeholders.

The Group views that a constructive and effective investor relations function is essential in enhancing shareholders' value. In line with this, the Group ensures timely disclosure of information as required by the MMLR, press interviews are authorised, transparent, accurate and timely, and all such information disseminated is posted to the Company's website for all stakeholders' information.

The Company organises investor and analyst briefings after each quarterly results announcement. In addition, there are also ad hoc meetings with the investing community from time to time to keep them updated on the progress and development of the Group's business.

The Company is not categorised as "large companies" under the MCCG and hence, have not adopted an integrated reporting which is based on a globally recognised framework.

1.3 Disclosure of Information

To enhance transparency, shareholders and other stakeholders of the Company can access information encompassing corporate information, latest annual report, latest financial results, announcements to Bursa Securities, etc. at the Company's website. While the Company endeavours to provide as much information as possible to its shareholders and other stakeholders, the Company is also wary of the legal and regulatory framework governing the release of material and price sensitive information.

1.4 Shareholders' Value

The ultimate measure of a company's success is through the enrichment of its shareholders. Hence, the delivery of superior shareholders' value remains a high priority for the Group.

The Group had formulated a dividend policy since 2005 that targets to pay out 60% of its net profit after minority interest as gross dividend having considered the allocation of capital resources by the Group to support its business growth strategies. The Group endeavours to maintain a consistent and regular dividend payment policy that promotes a stable stream of return to the shareholders, subject to the cash level, marketable financial assets and level of indebtedness, the required and expected expense, profit and return on equity, retained earnings, operational results, projected level of capital expenditure and investment plans.

COMPLIANCE STATEMENT

The Group has complied substantially with the principles and best practices outlined in the MCCG and the Group is committed to continuously achieving a high standard of corporate governance.

This statement was approved by the Board of Directors on 25 April 2024.

NOMINATION COMMITTEE REPORT

The Nomination Committee of the Company comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors, as follows:

Chairperson:

Dato' Chan Choy Lin

Members:

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar (Appointed on 31 May 2023)

Dato' Lim Kiam Lam (Appointed on 29 August 2023)

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Resigned on 31 May 2023)

Datuk Kamarudin Bin Mohd Ali (Resigned on 31 May 2023)

On 31 May 2023, two Independent Directors, namely Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Mohd Ali relinquished their role as members of the Nomination Committee following their resignations as members of the Board of Directors.

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Mohd Ali had, respectively, served as an Independent Director of the Company for a cumulative of more than 12 years. Their resignations are in line with the enhanced Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which limit the tenure of an independent director to not more than 12 years, effective from 1 June 2023.

PRIMARY ROLE

- (i) To assess on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director in discharging its duties, taking into consideration the Board's structure, size, composition, diversity in gender, age, ethnicity, culture and background, roles, powers, duties and responsibilities, professional qualifications, mix of skills, knowledge and experience, meeting attendance, time commitment and their participation, balance between Independent and Non-Independent Directors, and to make recommendation to the Board for changes if deemed necessary.
- (ii) To recommend the re-election of retiring Directors at the next annual general meeting ("AGM") in accordance with the Company's Constitution, guided by the criteria set out in the Company's Directors' Fit and Proper Policy.
- (iii) To review the tenure of Directors pursuant to the Malaysian Code on Corporate Governance ("MCCG").
- (iv) To assess and review annually the independence of the Independent Directors.
- (v) To identify, evaluate and recommend potential candidates to be appointed to the Board and Board Committees for the Board's consideration, guided by the criteria set out in the Company's Nomination Policy and Directors' Fit and Proper Policy.
- (vi) To facilitate orientation or induction programme to brief new Board members on the nature of business, corporate strategies, current issues within the Company and the expectations of the Company concerning input from the Board and the general responsibilities of Directors as per the Board Charter.
- (vii) To consider succession planning and review the leadership's needs of the Group.
- (viii) To recommend the list of training for Board's consideration.

The Nomination Committee is governed by the Terms of Reference of the Nomination Committee which is available on the Company's website at www.annjoo.com.my.

NOMINATION COMMITTEE REPORT (CONT'D)

MEETING

The Nomination Committee meets as and when required but at least once a year. Meetings were held on 27 February 2023 and 17 April 2023 during the financial year and the attendance were as follows:

	Number of Meetings Attended	Percentage (%) of Attendance
Dato' Chan Choy Lin	2/2	100
Dato' Lim Kiam Lam	N/A*	N/A
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	N/A*	N/A
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	2/2	100
Datuk Kamarudin Bin Mohd Ali	2/2	100

* N/A – not applicable as the Nomination Committee's meetings were held prior to their appointments.

SUMMARY OF ACTIVITIES

The Nomination Committee, in discharging its functions and duties, carried out the following activities during the financial year ended 31 December 2023:

- (i) Having considered the criteria set out in the Directors' Fit and Proper Policy, discussed and reviewed the tenure of Directors and recommended the following for shareholders' approval at the Twenty Seventh AGM held on 19 June 2023:
 - (a) re-election of the retiring Directors namely, Dato' Lim Kiam Lam, Dato' Lim Hong Thye and Mr Lim Sin Seong pursuant to Regulation 134 of the Company's Constitution; and
 - (b) re-election of Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar pursuant to Regulation 133 of the Company's Constitution.
- (ii) Assessed and confirmed the independence of the Independent Directors in accordance with the criteria set out in the MMLR of Bursa Securities. The assessment includes considering whether the Independent Directors can speak openly and whether there is objective and independent deliberation, review and decision making.
- (iii) Reviewed the overall size and composition of the Board as a whole and recommended in terms of the appropriate size, diversity in gender, age and ethnicity, mix of skills, integrity, time commitment, experience and expertise of each Board member as well as adequacy of balance amongst Executive, Non-Independent Non-Executive and Independent Non-Executive Directors required to meet the needs of the Group.
- (iv) Reviewed the size and composition of Board Committees, including their terms of office and performance.
- (v) Reviewed and recommended the appointment of a Board member and members to the Audit, Remuneration and Long Term Incentive Plan committees following the resignation of two Independent Directors during the financial year.
- (vi) Conducted an annual assessment to determine the effectiveness of the Board as a whole, its committees and the contribution of each individual Director. The assessment is facilitated by the Company Secretary and conducted using evaluation forms covering areas on board functions, board structures, board meetings, roles and responsibilities, contribution and performance, fit and proper, calibre and personality, personal commitment, conflict of interest, legal and regulatory compliance, internal control and risk management, and meeting administration and conduct.

Based on the assessment carried out, the Nomination Committee was satisfied that each of the Directors understand their roles, powers, duties and responsibilities as a director and the activities carried out were in line with the corporate governance elements as their guiding principles and that the Group's culture has had positive influence on the overall performance. There was no shortcoming noted in the contribution and performance of individual Director and all the Directors, to the best of their ability, have devoted sufficient time and effort to attend the Board and Board Committees meetings.

NOMINATION COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

- (vii) Considered the application of MCCG practices relating to Independent Directors and gender diversity.
- (viii) Discussed and reviewed the Group's succession planning on Executive Directors and Senior Management.
- (ix) Reviewed, recommended, and facilitated the training needs of Directors to keep them abreast and up to date on the new and changing rules, regulations, laws, taxation and accounting standards relevant to the industries in which the Group operates.
- (x) In its overall assessment, the Nomination Committee satisfied that the Board currently has the right mix of skills and experience with their different background and specialism, collectively bring with them a wide range of experience, expertise and competency in the areas on finance, taxation, corporate affairs, marketing, security and operations to effectively discharge their individual role as a director, and that the Board Committees have carried out their duties in accordance with their respective terms of reference and the members of the Board Committees have discharged their duties and responsibilities effectively.

This Nomination Committee Statement was reviewed by the Nomination Committee's Chairman prior to recommendation to the Board for inclusion in the 2023 Annual Report.

STATEMENT OF **DIRECTORS'** **RESPONSIBILITY**

IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate approved accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable approved accounting standards have been followed; and
- Prepared the financial statements on a going concern basis as the Directors have reasonable expectations, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial positions of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 2016, applicable approved accounting standards and Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors have the overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was established by the Board of Directors ("Board") with the primary objective to assist the Board in fulfilling its fiduciary responsibilities relating to internal and external audits, internal controls, risk management and financial reporting practices of the Group.

TERMS OF REFERENCE

The AC is governed by its Terms of Reference which is available for reference on the Company's website at www.annjoo.com.my.

COMPOSITION

The AC in office during the financial year and during the period from the end of the financial year to the date of this report are:

1. Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar
Chairman, Independent Non-Executive Director (Appointed on 31 May 2023)
2. Dato' Chan Choy Lin
Member, Independent Non-Executive Director
3. Dato' Lim Kiam Lam
Member, Non-Independent Non-Executive Director (Appointed on 29 August 2023)
4. Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
Chairman, Senior Independent Non-Executive Director (Resigned on 31 May 2023)
5. Datuk Kamarudin Bin Mohd Ali
Member, Independent Non-Executive Director (Resigned on 31 May 2023)

On 31 May 2023, Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Mohd Ali relinquished their respective roles as chairman and member of the Audit Committee following their resignations as members of the Board of Directors.

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Datuk Kamarudin Bin Mohd Ali had, respectively, served as an Independent Director of the Company for a cumulative of more than 12 years. Their resignations were in line with the enhanced Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which limit the tenure of an independent director to not more than 12 years, effective from 1 June 2023.

The AC currently comprises three members, all of whom are Non-Executive Directors and a majority of them being Independent Directors.

The AC Chairman is an Independent Director who is not the Chairman of the Board and there is no alternate director appointed as a member of the AC.

Dato' Chan Choy Lin is a qualified Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

All the AC members are financially literate and have sufficient knowledge and understanding of the Group's businesses to enable them to discharge their duties and responsibilities effectively.

AUDIT COMMITTEE REPORT (CONT'D)

MEETINGS

A total of five meetings were held in the financial year ended 31 December 2023 and the details of attendance of the AC members are as follows:

Audit Committee	Number of Meetings Attended	Percentage (%) of Attendance
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	2/2	100
Dato' Lim Kiam Lam	1/1	100
Dato' Chan Choy Lin	5/5	100
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	3/3	100
Datuk Kamarudin Bin Mohd Ali	3/3	100

The AC meets quarterly and as and when required. The dates of the quarterly meetings are preset before the start of each financial year. The Company Secretaries are responsible for the timely issuance of the meeting notices and agenda together with the meeting papers to the AC members prior to the meeting. Minutes of meetings are recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation. Two members with a majority of Independent Directors present shall form a quorum.

The AC is given adequate resources to discharge its duties and responsibilities and has full and unrestricted access to and cooperation from the Management. The AC may invite the Management team to its meetings to brief on the Group's businesses and financial matters and to address any issue that the AC may have. External auditors are present in certain AC meetings to brief on its findings and any other pertinent issues of the Company and its subsidiaries.

The AC met thrice with the external auditors during the financial year ended 31 December 2023 on 27 February 2023, 17 April 2023 and 27 November 2023 without the presence of the other Board members and Management. The AC was briefed by the external auditors on their audit findings, fraud consideration (if any), the extent of Management's cooperation during the audit process and any other issues deemed necessary.

SUMMARY OF THE WORK OF THE AC

The AC carried out the following activities during the financial year ended 31 December 2023 which are in line with its functions, duties and responsibilities as set out in the Terms of Reference:

(i) Financial Reporting

The AC reviewed and discussed the unaudited quarterly financial results and the audited financial statements of the Group and the Company for the financial year ended 31 December 2023 with the Management and recommended the same to the Board for approval, focusing particularly on:

- Changes in or implementation of any significant accounting policies and practices;
- Accounting treatment on significant matters such as on significant judgments made by the Management, significant and unusual events or transactions and how these matters are addressed and resolved;
- Compliance with accounting standards, regulatory, governance and other legal requirements; and
- New and proposed financial reporting guidelines affecting the industries in which the Group operates.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF THE WORK OF THE AC (CONT'D)

(ii) External Audit

The AC reviewed and discussed the following:

- External auditors' audit planning memorandum, audit findings and audit report for the financial year 2023;
- External auditors' management letter and Management's response thereto;
- Problems and reservations arising from the audit and any matter the auditors may wish to discuss (in the absence of Management where necessary);
- The proposed audit fees for Board's approval;
- Nature, work scope and extent of the non-audit services and the appropriateness of the level of such fees to ensure that their independence is not impaired; and
- Performance, suitability, objectivity and independence of the external auditors which take into account their audit transparency report and recommended them to the Board to put forth a proposal for re-appointment at the forthcoming 28th Annual General Meeting ("28th AGM").

(iii) Internal Audit

The AC reviewed and discussed the following:

- Internal audit charter that defines the internal auditors' function, authority and responsibilities. The charter outlines the mission and scope of work, independence and objectivity of the internal auditors and authority conferred by the AC to them to discharge their duties. The AC is satisfied that the internal audit function had carried out their functions as planned;
- Annual Audit Plan for the financial year 2023 to ensure adequate scope and coverage of work;
- Audit cycle for each business unit, adequacy of the scope, functions, competency and resources of the internal audit function, including the authority of the internal audit;
- Internal audit reports and took note of their observations, recommendations and Management's responses and monitored the outcome of follow-up audits to ascertain the extent to which agreed upon corrective actions have been implemented by the Management; and
- Evaluation of the performance, technical competencies, and manpower adequacy of the internal audit department.

(iv) Related Party Transactions

The AC reviewed the procedures and processes to monitor, track and identify related party transactions. They took note of all the mandated and non-mandated recurrent related party transactions entered by the Group and matters involving conflict of interest within the Company or the Group as reported by the internal audit on a quarterly basis.

The internal audit provided assurance on the audit review conducted on the related party transactions. The AC therefore satisfied that the Group had complied with the financial and regulatory reporting whereby all the recurrent related party transactions were:

- on arm's length basis and on normal commercial terms, and not more favourable to the related party than those generally available to the public;
- not to the detriment of the minority shareholders; and
- within the threshold in accordance with the mandate approved by the shareholders.

There were no material related party transactions during the financial year.

The AC has reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature before tabling to the Board for recommendation to the shareholders for approval at the forthcoming 28th AGM.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF THE WORK OF THE AC (CONT'D)

(v) Key Risks of the Group

The AC took note on the key risks identified, namely the operational risk, credit risk, forex risk, interest rate risk, market risk, liquidity risk, talent risk, corruption risk and sustainability risk of the Group which were reviewed by the Management at the monthly Group Management Meetings.

(vi) Annual Report

The AC reviewed the AC Report and Statement on Risk Management and Internal Control and recommended the same for the Board's approval for inclusion in the Company's 2023 Annual Report.

(vii) ESG Matters

The AC reviewed and discussed the following matters relating to ESG:

- (a) risks and opportunities;
- (b) processes and controls;
- (c) program goals and metrics;
- (d) monitoring and reports; and
- (e) assurance and policies.

EVALUATION OF THE AC

An evaluation on the terms of office and performance of the AC and each of its members are carried out annually by the Nomination Committee. The Board is satisfied that the AC and each of its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference and supported the Board in ensuring the Group upholds the appropriate Corporate Governance Standards.

SUMMARY OF THE WORK OF INTERNAL AUDIT FUNCTION

The internal audit function is carried out by the Group Assurance & Advisory team ("GAA") which provides the Board, Audit Committee and Management the highest level of independent assurance and objectivity within the Group. The audit function provides assurance on the effectiveness of internal control, risk management and governance of the Group.

The purpose, authority, responsibility, function as well as the nature of the assurance and advisory activities provided by the internal audit function are articulated in the audit charter. The Audit Committee conducts periodic evaluations on the internal audit function to assess its performance and effectiveness.

All the internal audit activities were performed in-house. The scope of this assurance reported to the Board, Audit Committee and Management covers:

- Efficiency and effectiveness of operations; safeguarding of assets; reliability and integrity of reporting processes; and compliance with laws, regulations, policies, procedures and contracts.
- All elements of internal control framework, which includes internal control environment, information, communication and monitoring.
- Divisions, operating units and functions including business processes such as production, safety and operations as well as supporting functions.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF THE WORK OF INTERNAL AUDIT FUNCTION (CONT'D)

At the conclusion of each audit area, the internal audit promptly reported to the Management and the Audit Committee, their audit findings, areas for improvements together with the audit recommendations and the management action plan.

Follow-up audit reviews were conducted to verify the efficiency and effectiveness of corrective actions taken to rectify the audit issues.

During the year, the audit function conducted various internal audit engagements covering the following key risk areas at Upstream Steel Division, Downstream Steel Division and Group/Support Services in accordance with the audit plan.

(i) Upstream Steel Division:

- (a) General Procurement;
- (b) Quality Assurance;
- (c) Rolling Mill;
- (d) Sinter Plant;
- (e) Blast Furnace;
- (f) Raw Material Yard;
- (g) Steel Making Plant;
- (h) Logistics;
- (i) Transport Planning;
- (j) Security Management;
- (k) General Administration; and
- (l) Scrap Management.

(ii) Downstream Steel Division:

- (a) Production (at Sections 15 and 23 Shah Alam plants).

(iii) Reviewed of Related Party and Recurrent Related Party Transactions on a quarterly basis.

The total cost incurred for the internal audit function in year 2023 was RM246,000 (2022: RM200,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made in accordance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements which requires the board of directors of public listed companies to publish a statement about the state of risk management and internal control of the listed issuer as a group.

BOARD RESPONSIBILITY

The Board of Directors (the "Board") of Ann Joo Resources Berhad (the "Company" and together with its subsidiaries the "Group") affirms its overall responsibility for the Group's internal control system and for the review of its adequacy and integrity.

The internal control system is designed to meet the Group's vision and mission, business objectives and to safeguard the shareholders' interests and the Group's assets.

The Board acknowledges that risks cannot be eliminated fully. The system, by its nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or losses, or operational failure.

RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The Management of the Company has been entrusted by the Board to implement processes for identification, assessment, management, monitoring and reporting of risk and to provide assurance to the Board that it has done so.

Effective risk management is achieved through the implementation of internal controls by the Management as described below.

The key elements of the Group's risk and internal controls system are structured as follows:

(a) Board and Management Committees

Specific responsibilities have been delegated to the relevant Board and Management Committees.

Committees established by the Board are the Audit Committee, Nomination Committee, Remuneration Committee, and Joint Remuneration and Long-Term Incentive Plan Committee.

The Management established the Sustainability Steering Committee, Upstream Steel Division Management Committee, Downstream Steel Division Management Committee, and the Group Management Committee.

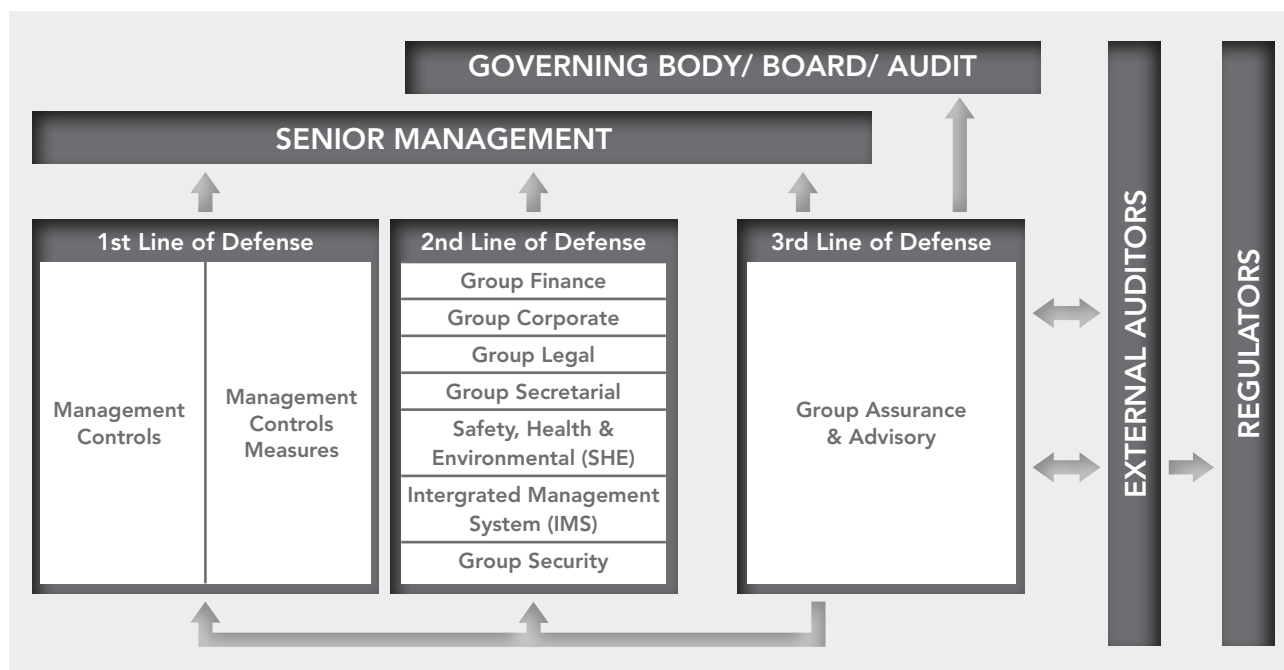
These Committees have the authority to examine all matters within their scope of responsibility and report their findings and recommendations to the Senior Management and/or Board. Minutes of meetings of these committees are centralised at the Group Corporate Secretarial Department for retention of records and retrieval for reference when necessary. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

(b) Combined Assurance Model

The Group's combined assurance, as shown below, brings comforts that:

- (1) Key risks are being effectively identified, mitigated, managed, reported and controlled;
- (2) Helps in making better informed decisions;
- (3) Eliminates silos within the assurance activities and
- (4) Enhance checks and balances, accountability and transparency.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL** (CONT'D)



(c) Assignment of Authority and Responsibility

There is an organisational structure that formally defines and entrenches line of responsibility and delegation of authority to ensure proper identification of accountabilities, segregation of duties, and checks and balances.

(d) Monitoring and Reporting

There is in place a monthly review of operations and financial performance at divisional level, and any major issues discussed at the divisional level are reported to the Senior Management who are members of the Group Management Committee. At Group level, there is a monthly Group Management Committee meeting to discuss and review the Group's operations matters, business strategies, operating environment, business risks and financial performance of the Group.

(e) Policies and Procedures

There are policies and procedures in place to ensure adequacy of controls and compliance with relevant laws and regulations i.e. Operational Risk Management, and Safety, Health & Environment Management. These policies and procedures are periodically reviewed and updated to reflect changes in the business environment, and they form an integral part of the Integrated Management System ("IMS").

Certain subsidiaries of the Group are ISO accredited to ensure quality, safety and efficiency of products, services and systems. These certifications validate that the Group adheres to certain standards of quality assurance, manufacturing and business processes. The continual certification demonstrates the Group's commitment to drive for excellence and continuous improvement.

(f) Internal Audit

The Audit Committee oversees and assesses the effectiveness of the Group's internal control system on behalf of the Board. This is accomplished through the review of the scope of work and activities carried out by the Group's internal audit which reports directly to the audit Committee.

The Group's internal audit functions are carried out by the Group Assurance & Advisory department. They independently review the business processes and appraise the internal control system of the Group and report their findings and recommendations directly to the Audit Committee

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL** (CONT'D)

(g) **Code of Conduct and Ethics**

The Group adopts a Code of Conduct and Ethics applicable to all employees of the Group as a guide towards the highest standards of personal and professional integrity in all aspects of their work-related activities. The Code of Conduct and Ethics also serves to protect the business interests of the Group, to maintain the Group's reputation on honesty and integrity, to observe the highest standard of corporate governance, and to comply with laws, regulations, rules, policies and procedures.

(h) **Anti-Bribery and Anti-Corruption Policy & Procedures**

The Group has in place an Anti-Bribery and Anti-Corruption Policy & Procedures intended to provide an outline of the key principles in dealing with improper solicitation, bribery and other corrupt activities and related issues that may arise in carrying out business activities of the Group. It should be read in conjunction with the Group's various policies, procedures, guidelines, manuals, and code of conduct, as amended from time to time. The Anti-bribery and Anti-Corruption Policy & Procedures is published at www.annjoo.com.my.

(i) **Whistleblowing Policy**

The Group has in place a Whistleblowing Policy to maintain the highest standards of ethical behaviour and integrity.

The Whistleblowing Policy provides an avenue for whistle-blowers to raise concerns in good faith, confidentially and professionally of any improprieties within the Group and acts as a guidance for employees, Directors, stakeholders and/or any other party with a business relationship with the Group to report improprieties without the fear of victimisation, reprisals, retaliation, threats, intimidation, discrimination or other unfair treatments as a result of their whistleblowing. The Whistleblowing Policy is published on the Company's website at www.annjoo.com.my.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of Bursa Malaysia Securities Berhad's Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control ("Statement"). Their review procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") on the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2023.

Based on their review, the external auditors have reported that nothing has come to their attention that cause them to believe, based on the procedures performed and evidenced obtained, that:

- (a) the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer to be set out, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers 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 Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal controls aspects of significant problems (if any) disclosed in the Annual Report will, in fact, remedy the problems.

BOARD'S ASSESSMENT

The Board is of the view that the risk management and system of internal control are in place for the year under review and up to the date of the approval of this Statement for inclusion in the Annual Report for the financial year ended 31 December 2023 and are sufficient to safeguard the Group's interests as well as its shareholders, customers and business associates, regulators, employees and other stakeholders. There was no significant control failure or weakness that would result in material losses or contingencies requiring separate disclosure in this report.

The Board has received combined assurance from the Group Managing Director, the Deputy Group Managing Director and the Finance Director that the Group's risk management and system of internal control are operating adequately and effectively, in all materials aspect, based on the framework adopted by the Group.

This Statement has been approved by the Board of Directors at its meeting on 25 April 2024.

OTHER INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. AUDIT FEES

The amount of audit fees paid and payable by the Company and the Group to the external auditors of the Company, Messrs. BDO PLT, and the amount of non-audit fees paid and payable by the Company and the Group to Messrs. BDO PLT or a firm or corporation affiliated to Messrs. BDO PLT, for the financial year ended 31 December 2023, are as follows:

	Company RM'000	Group RM'000
Audit fees:	68	382
Non-audit fees:		
- Review of statement of risk management and internal control	5	5
Total	73	387

3. LONG TERM INCENTIVE PLAN

The Company obtained its shareholders' approval on 21 October 2016 to establish a long-term incentive plan ("LTIP"). The total number of ordinary shares to be issued pursuant to the LTIP shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any time during the period of the LTIP.

The LTIP comprises a Share Grant Plan ("SGP") and a Share Option Plan ("SOP") and SGP is the only employees' share scheme currently in existence.

On 26 Aug 2021, the Board of Directors of Ann Joo Resources Berhad announced that the Company has resolved to extend its existing LTIP which expired on 31 December 2021 for another five years commencing from 1 January 2022 to 31 December 2026 (the "Extension Period"), in accordance with the terms of the LTIP By-Laws.

OTHER INFORMATION (CONT'D)

3. LONG TERM INCENTIVE PLAN (CONT'D)

The details on the number of shares granted, vested and forfeited and the outstanding portion since the commencement of the SGP are as follows:-

	Total	Managing/ Executive Directors	Non-Executive Director	Senior Management and key staff
<u>Number of shares granted</u>				
2017	17,000,000	12,500,000	1,750,000	2,750,000
2022	15,121,250	9,681,250	1,400,000	4,040,000
2023	510,000	-	-	510,000
<u>Number of shares vested</u>				
2018	(2,090,000)	(1,540,000)	(214,000)	(336,000)
2019	(872,000)	(644,000)	(90,000)	(138,000)
2022	(3,084,500)	(2,263,250)	(317,375)	(503,875)
2023	(26,000)	-	-	(26,000)
<u>Number of shares forfeited</u>				
2019	(2,337,500)	(1,718,750)	(240,625)	(378,125)
2020	(3,400,000)	(2,500,000)	(350,000)	(550,000)
2021	(4,420,000)	(3,250,000)	(455,000)	(715,000)
2023	(1,270,000)	-	-	(1,270,000)
Outstanding	15,131,250	10,265,250	1,483,000	3,383,000

In regard to the SGP granted to the Directors and Senior Management:

- (1) The aggregate maximum allocation is 23.90% of the total number of shares that may be issued under the LTIP; and
- (2) The actual percentage awarded to them, up to financial year ended 31 December 2023, was 8.15%.

Further information on the SGP is set out in the Directors' Report and Note 34 to the Financial Statements for the financial year ended 31 December 2023.

4. MATERIAL CONTRACTS

Save for the recurrent related party transactions of a revenue or trading nature, there were no material contracts, including contracts relating to loans, of the Company and its subsidiaries involving the interests of Directors or major shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or, if not then subsisting, entered since the end of the previous financial year.

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and trading of iron, steel, steel related products, wire and wire rods products, steel service centre, investment holding, provision of property management and management services, provision of project management and contract services for solar and other renewable energy business, and provision of waste management services. Further details of the subsidiaries are set out in the Note 16 to the financial statements.

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

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year	(7,120)	454,015
Attributable to:		
Owners of the Company	(2,172)	454,015
Non-controlling interests	(4,948)	-
	(7,120)	454,015

In the opinion of the Directors, other than the gain on bargain purchase arising from acquisition of a subsidiary amounting to RM87.73 million at Group level and RM451.27 million gain on disposal of subsidiaries at Company level arising from an internal restructuring, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Ordinary shares

No dividend was paid, declared or proposed since the end of previous financial year. The Directors do not recommend the payment of any dividend for the current financial year.

Redeemable Convertible Cumulative Preference Shares ("RCPS")

	RM'000
In respect of the financial year ended 31 December 2023:	
- First semi-annual RCPS dividend of 1.25 sen per RCPS, paid on 28 June 2023	866
- Second semi-annual RCPS dividend of 1.25 sen per RCPS, paid on 3 January 2024	866
	1,732

DIRECTORS' REPORT (CONT'D)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

TREASURY SHARES

The Company has not repurchased or disposed of any of its treasury shares in the market during the financial year other than the transfer of 26,000 ordinary shares held under treasury shares to eligible employees upon vesting of shares under the Share Grant Plan ("SGP") pursuant to the Long Term Incentive Plan ("LTIP"). As at 31 December 2023, a total of 17,208,400 ordinary shares were held as treasury shares.

SHARE OPTIONS AND LONG TERM INCENTIVE PLAN

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

The Group's LTIP comprises the SGP and Share Option Plan ("SOP") of which is governed by the By-Laws and approved by the shareholders at an Extraordinary General Meeting held on 21 October 2016.

The existing LTIP ("LTIP 1") which expired on 31 December 2021 has been extended for another five years commencing from 1 January 2022 to 31 December 2026 ("LTIP 2") in accordance with the terms of the LTIP By-Laws.

The salient features, terms and details of the LTIP are as follows:

- (i) The LTIP Committee shall have the discretion to determine or vary the terms and conditions of the LTIP from time to time, such as the eligibility criteria and allocation with respect to each award, the timing and frequency of the award, the performance targets and/or other conditions, and the vesting conditions.
- (ii) The total number of LTIP shares and/or any other scheme involving new issuance of the Company's shares which may be implemented from time to time by the Company, on any date shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any time during the period of the LTIP.
- (iii) The total number of the Company's shares that may be offered under the LTIP shall be at the discretion of the LTIP Committee.
- (iv) The LTIP may be extended by the Board at its absolute discretion for up to another 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the effective date or such longer period as may be allowed by the relevant authorities. LTIP 1 which expired on 31 December 2021 had been extended for another 5 years ("LTIP 2").

DIRECTORS' REPORT (CONT'D)

SHARE OPTIONS AND LONG TERM INCENTIVE PLAN (CONT'D)

- (v) The Company's shares to be allotted and issued pursuant to the LTIP shall, upon allotment and issuance, rank equally in all respects with the then existing issued shares and the grant holders shall not be entitled to any dividends, rights, allotments, entitlements and/or any other distributions, for which the entitlement date is prior to the date of issue of the shares.
- (vi) In the event of any alteration in the capital structure during the duration of LTIP, the LTIP Committee may decide for corresponding alteration to be made in:
- the Option price;
 - the number of unvested shares and/or Options comprised in a grant;
 - the number of Options comprised in SOP Awards that has not been exercised; and/or
 - the method and/or manner in the vesting of the Company's shares comprised in a grant.
- (vii) Subject to the By-Laws and compliance with the Listing Requirements and any other relevant authorities (if required), the LTIP Committee may at any time and from time to time recommend to the Board any addition, amendment and/or modification to and/or deletions of the By-Laws and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of the By-Laws upon such recommendation provided that such amendment and/or modification would not adversely affect the rights attaching to any LTIP Award.
- (viii) All fees, costs and expenses incurred in relation to preparation and/or operation of the LTIP including but not limited to the fees, costs and expenses relating to the issuance and allotment of the Company's shares pursuant to the LTIP Awards upon the vesting of the Company's shares shall be borne by the Company.

Movement in the number of SGP is as follows:

	LTIP 1	LTIP 2	Total number of shares
Outstanding as at 1 January 2023	796,000	15,121,250	15,917,250
Granted	-	510,000	510,000
Vested	-	(26,000)	(26,000)
Forfeited	(70,000)	(1,200,000)	(1,270,000)
Outstanding as at 31 December 2023	726,000	14,405,250	15,131,250

During the financial year, the Company transferred 26,000 ordinary shares held under treasury shares to eligible employees upon vesting of shares under the SGP.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

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

Dato' Lim Kiam Lam	
Dato' Lim Hong Thye	
Dato' Lim Aun Chuan	
Lim Hong Hock	
Dato' Chan Choy Lin	
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	(Appointed on 20 April 2023)
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	(Resigned on 31 May 2023)
Datuk Kamarudin Bin Md Ali	(Resigned on 31 May 2023)
Lim Kien Lip	(Resigned on 29 August 2023)
Lim Sin Seong	(Resigned on 29 August 2023)

The Directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report, not including those Directors listed above are:

Ng @ Ooi Sim Hwang	
Loo Ling Hong	
Lim Kam Choy	
Eoon Thian Chuang	
Yoong Wai Meng	
Datuk Ng Kwok Siong	
Loo Say Hock	
Mohammad Nazeri Bin Abd Hadi	
Dato' Sng Chong Keong	
Pheng Chin Huat	
Dato' Ong Tee Thong	(Appointed on 11 September 2023)
Manivanan A/L Kuppusamy	(Retired on 21 July 2023)
Chen Siung Sik	(Resigned on 12 September 2023)
Khoo Poh Looi	(Resigned on 13 March 2024)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in their book values in the ordinary course of business had been written down to their estimated realisable values.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(I) AS AT THE END OF THE FINANCIAL YEAR (CONT'D)

- (b) In the opinion of the Directors, other than the gain on bargain purchase arising from acquisition of a subsidiary amounting to RM87.73 million at Group level and RM451.27 million gain on disposal of subsidiaries at Company level arising from an internal restructuring, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

The interests in the shares, preference shares and options in the Company and related corporation of those who were Directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

(a) Shares in the Company

	Balance at 1.1.2023	Number of ordinary shares		Balance at 31.12.2023
		Acquired	Sold	
Direct interests				
Dato' Lim Kiam Lam	4,645,025	-	-	4,645,025
Dato' Lim Hong Thye	5,183,650	-	-	5,183,650
Dato' Lim Aun Chuan	2,409,500	-	-	2,409,500
Lim Hong Hock	1,040,875	-	-	1,040,875
Indirect interests				
Dato' Lim Kiam Lam [^]	275,536,632	-	-	275,536,632

	Balance at 1.1.2023	Number of RCPS		Balance at 31.12.2023
		Acquired	Sold	
Direct interests				
Dato' Lim Kiam Lam	1,659,012	-	-	1,659,012
Dato' Lim Hong Thye	607,700	-	-	607,700
Lim Hong Hock	104,875	-	-	104,875
Indirect interests				
Dato' Lim Kiam Lam [^]	50,758,000	-	-	50,758,000

[^] Deemed interests by virtue of Section 8(4) and Section 59(11)(c) of the Companies Act 2016

The vesting of ordinary shares to the Directors pursuant to the Company's LTIP during the financial year are as follows:

	Balance at 1.1.2023	Number of ordinary shares to be vested			Balance at 31.12.2023
		Awarded	Vested	Forfeited	
Direct interests					
Dato' Lim Hong Thye	350,000	-	-	-	350,000
Dato' Lim Aun Chuan	234,000	-	-	-	234,000
Lim Hong Hock	83,000	-	-	-	83,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

(b) Shares in the Ultimate Holding Company - Ann Joo Corporation Sdn. Bhd.

	Balance at 1.1.2023	Number of ordinary shares		Balance at 31.12.2023
		Acquired	Sold	
Direct interest				
Dato' Lim Kiam Lam	750,000	-	-	750,000
Indirect interests				
Dato' Lim Kiam Lam [^]	23,900,000	-	-	23,900,000

[^] Deemed interests by virtue of Section 8(4) of the Companies Act 2016

By virtue of Section 8(4) of the Companies Act 2016, Dato' Lim Kiam Lam is also deemed to have interests in the shares of the Company and of its related corporation during the financial year to the extent that the ultimate holding company has an interest.

None of the other Directors in office at the end of the financial year held shares or had beneficial interests in the ordinary shares, preference shares and options of the Company or of its related corporation during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (a) Certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) Certain Directors who received remuneration from subsidiaries as Directors of the subsidiaries.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than shares granted to certain Directors pursuant to the Company's LTIP as disclosed under Directors' Interests.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Fees:		
- payable by the Company	785	785
Emoluments other than fees:		
- payable by the Company	217	217
- payable by subsidiaries	4,678	-
	5,680	1,002
Directors of the subsidiaries		
- Fees	15	-
- Emoluments other than fees	2,235	-
	7,930	1,002

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group and of the Company. The amount of insurance premium paid or payable during the financial year, which was borne by a subsidiary and have been accounted for in the financial statements of the Group, amounted to RM32,500.

There was no indemnity given to or insurance effected for Auditors of the Company in accordance with Section 289 of the Companies Act 2016.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 21 June 2023, the Company via its 55% indirect subsidiary, Konsortia Etiqa Sdn. Bhd. ("KESB") acquired 102,000 ordinary shares, representing 51% equity interest in Perfect Channel Sdn. Bhd. ("PCSB") for a total cash consideration of RM10,000,000.

On the same day, KESB subscribed for additional 100,000,000 new ordinary shares, constituting 99.8% of the enlarged paid-up share capital in PCSB, for a total cash consideration of RM100,000. This made up KESB's total direct shareholding of 99.9% and the Company's total indirect shareholding of 55.0% in PCSB.

DIRECTORS' REPORT (CONT'D)

ULTIMATE HOLDING COMPANY

The Directors regard Ann Joo Corporation Sdn. Bhd., a private limited liability company incorporated in Malaysia as the ultimate holding company.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Statutory audit:		
- BDO PLT	382	68
- Other auditors	65	-
	447	68

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

Dato' Lim Kiam Lam
Director

Petaling Jaya
25 April 2024

Dato' Lim Hong Thye
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 145 to 224 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

Dato' Lim Kiam Lam

Director

Petaling Jaya

25 April 2024

Dato' Lim Hong Thye

Director

STATUTORY DECLARATION

I, Lim Kam Choy (MIA 13106), being the Officer primarily responsible for the financial management of Ann Joo Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 145 to 224 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed)
at Petaling Jaya this)
25 April 2024)

Lim Kam Choy
Finance Director

Before me,

Desmond Lau Jeng Sieng
Commissioner for Oaths
No. B703

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANN JOO RESOURCES BERHAD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ann Joo Resources Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 145 to 224.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

KEY AUDIT MATTERS

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

(a) Recognition of deferred tax assets

As at 31 December 2023, deferred tax assets of the Group was RM235.5 million as disclosed in Note 19 to the financial statements. The related accounting judgements are disclosed in Note 4 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability that future taxable profits will be available against which temporary differences can be utilised.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF ANN JOO RESOURCES BERHAD (CONT'D)

(Incorporated in Malaysia)

KEY AUDIT MATTERS (CONT'D)

(a) Recognition of deferred tax assets (Cont'd)

Audit response

Our audit procedures included the following:

- (i) considered tax related documentation to determine the tax benefits available;
- (ii) compared profit forecasts and projections against recent performance to assess reliability of management's forecasting process as well as to challenge the key assumptions used in the forecasts and projections; and
- (iii) evaluated the appropriateness of estimates and assumptions used by management in determining the profit forecasts and projections by comparing to available external industry sources of data.

(b) Recoverability of trade receivables

As at 31 December 2023, gross trade receivables of the Group was RM472.9 million with past due debts amounting to RM175.6 million as disclosed in Note 22 to the financial statements. The related accounting judgements are disclosed in Note 4 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the collectability and probability of default of trade receivables, while considering appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- (i) understand management's processes and controls in assessing credit losses;
- (ii) recomputed the probability of default using historical data and forward-looking information, applied by the Group; and
- (iii) evaluated the basis used by management for determining cash flows recoverable in credit impaired scenarios, evaluating past payment trends and credit history of the customers.

(c) Impairment assessment of concession assets

As at 31 December 2023, the carrying amount of concession assets of the Group was RM91.8 million as disclosed in Note 14 to the financial statements. The related accounting judgements are disclosed in Note 4 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and keys assumptions applied to cash flow projections of the cash generating units ("CGUs") in determining their recoverable amounts using the fair value less cost of disposal method based on the income approach. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for the CGUs.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF ANN JOO RESOURCES BERHAD (CONT'D)

(Incorporated in Malaysia)

KEY AUDIT MATTERS (CONT'D)

(c) Impairment assessment of concession assets (Cont'd)

Audit response

Our audit procedures included the following:

- (i) assessed and evaluated the key assumptions in forecasting revenues, operating profit margins and growth rates;
- (ii) assessed appropriateness of pre-tax discount rates used by management by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and
- (iii) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact to the recoverable amount.

(d) Determination of fair value of identifiable assets acquired and liabilities assumed on business combination

As disclosed in Note 16(d)(i) to the financial statements, the Group acquired Perfect Channel Sdn. Bhd. and its subsidiary in June 2023 at purchase considerations of RM10.0 million for acquisition of shares and RM15.0 million for the assignment of debts. The provisional bargain purchase which arose was determined to be at RM87.7 million.

We determined the fair value of identifiable assets acquired and liabilities assumed on the business combination to be a key audit matter as the purchase price allocation exercise carried out by management requires significant judgement by management.

Audit response

Our audit procedures included the following:

- (i) reviewed the appropriateness of the purchase price allocation exercise performed by management particularly the assumptions used in determining the fair value of the identifiable assets acquired and liabilities assumed at acquisition date;
- (ii) obtained the valuation report by the independent professional valuer that was relied upon by the management in determining the fair value of properties acquired;
- (iii) assessed the independent professional valuer's competency, capabilities, and objectivity by checking the valuer's qualification and registration to the relevant boards; and
- (iv) discussed with the professional valuer the methodology and evaluated the assumptions used in the valuation of the properties.

We have determined that there is no key audit matter to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF ANN JOO RESOURCES BERHAD (CONT'D)

(Incorporated in Malaysia)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT **AUDITORS' REPORT** TO THE MEMBERS OF ANN JOO RESOURCES BERHAD (CONT'D) (Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 16 to the financial statements.

INDEPENDENT **AUDITORS' REPORT** TO THE MEMBERS OF ANN JOO RESOURCES BERHAD (CONT'D) (Incorporated in Malaysia)

OTHER MATTERS

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
25 April 2024

Koo Swee Lin
03281/08/2024 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	2,508,050	3,034,972	-	-
Cost of sales		(2,523,135)	(3,138,063)	-	-
Gross loss		(15,085)	(103,091)	-	-
Other operating income		117,338	34,155	458,407	6,751
Administrative expenses		(77,227)	(64,835)	(1,432)	(2,227)
Distribution expenses		(31,837)	(33,731)	-	-
Other operating expenses		(5,320)	(4,737)	(4)	-
Net gain on impairment of financial assets		3,381	1,375	-	-
Results from operating activities		(8,750)	(170,864)	456,971	4,524
Interest income	6	7,938	4,899	146	17
Finance costs	7	(62,576)	(37,313)	(2,455)	(3,947)
Operating (loss)/profit	8	(63,388)	(203,278)	454,662	594
Share of results of associates		(11)	(12)	-	-
(Loss)/Profit before tax		(63,399)	(203,290)	454,662	594
Taxation	9	56,279	70,149	(647)	-
(Loss)/Profit for the year		(7,120)	(133,141)	454,015	594

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME** FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		3,255	3,095	-	-
Net movement on cash flow hedges		1,305	-	-	-
Other comprehensive income for the year, net of tax		4,560	3,095	-	-
Total comprehensive (loss)/income for the year		(2,560)	(130,046)	454,015	594
(Loss)/Profit attributable to:					
Owners of the Company		(2,172)	(132,631)	454,015	594
Non-controlling interests		(4,948)	(510)	-	-
		(7,120)	(133,141)	454,015	594
Total comprehensive income/(loss) attributable to:					
Owners of the Company		2,388	(129,536)	454,015	594
Non-controlling interests		(4,948)	(510)	-	-
		(2,560)	(130,046)	454,015	594
Loss per ordinary share (sen):					
Basic	10	(0.39)	(23.75)		
Diluted	10	(0.01)	(20.81)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,189,618	861,097	-	-
Investment properties	13	4,422	4,512	-	-
Concession assets	14	91,845	59,033	-	-
Intangible assets	15	9,532	9,532	-	-
Investments in subsidiaries	16	-	-	1,287,743	903,453
Investments in associates	17	48	259	-	-
Other investment	18	1	1	-	-
Deferred tax assets	19	235,509	170,385	-	-
Right-of-use assets	20	8,504	6,116	-	-
Total non-current assets		1,539,479	1,110,935	1,287,743	903,453
Current assets					
Inventories	21	970,264	911,344	-	-
Receivables and prepayments	22	534,194	555,880	7,629	6,085
Derivative assets	33	1,820	-	-	-
Current tax assets		10,078	9,776	6	8
Cash and bank balances	23	118,680	133,381	71	98
		1,635,036	1,610,381	7,706	6,191
Assets classified as held for sale	24	-	4,855	-	1,623
Total current assets		1,635,036	1,615,236	7,706	7,814
TOTAL ASSETS		3,174,515	2,726,171	1,295,449	911,267

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (CONT'D)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	25	645,626	645,626	645,626	645,626
Treasury shares	26	(55,664)	(55,747)	(55,664)	(55,747)
Redeemable Convertible Cumulative Preference Shares ("RCPS")					
- Equity component	27	2,175	2,175	2,175	2,175
Other reserves	28	84,073	75,823	13,127	9,437
Retained earnings	28	522,729	524,901	645,485	191,470
Total equity attributable to owners of the company		1,198,939	1,192,778	1,250,749	792,961
Non-controlling interests		88,300	521	-	-
Total equity		1,287,239	1,193,299	1,250,749	792,961
Non-current liabilities					
Loans and borrowings	29	162,234	21,086	-	-
Lease liabilities	30	7,197	5,820	-	-
RCPS - Liability component	27	-	34,691	-	34,691
Provision for retirement benefits	31	2,445	2,629	-	-
Deferred tax liabilities	19	32,533	14,371	-	-
Total non-current liabilities		204,409	78,597	-	34,691
Current liabilities					
Loans and borrowings	29	1,293,910	1,208,334	-	-
Lease liabilities	30	1,907	643	-	-
Payables and accruals	32	349,037	239,564	9,663	83,615
Derivative liabilities	33	102	1,544	-	-
RCPS - Liability component	27	35,037	-	35,037	-
Current tax liabilities		2,874	4,190	-	-
Total current liabilities		1,682,867	1,454,275	44,700	83,615
Total liabilities		1,887,276	1,532,872	44,700	118,306
TOTAL EQUITY AND LIABILITIES		3,174,515	2,726,171	1,295,449	911,267

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Share capital RM'000	Non-distributable		Distributable			Total equity RM'000
			Equity component RM'000	Other reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	attributable to owners RM'000	
At 1 January 2022		617,674	2,663	77,136	(65,634)	691,014	1,322,853	1,322,853
Loss for the year		-	-	-	-	(132,631)	(132,631)	(133,141)
Other comprehensive income for the year		-	-	3,095	-	-	3,095	3,095
Total comprehensive income/(loss) for the year		-	-	3,095	-	(132,631)	(129,536)	(130,046)
Transactions with Owners								
Dividends to owners of Company	11(a)	-	-	-	-	(33,496)	(33,496)	(33,496)
Conversion of RCPS to ordinary shares		27,952	(488)	-	-	-	27,464	27,464
LTIP:								
- share-based payments expenses	8(a)	-	-	5,479	-	-	5,479	5,479
- shares transferred	26	-	-	(9,887)	9,887	-	-	-
Dilution of equity interest in a subsidiary		-	-	-	-	14	14	-
Subscription of shares by non-controlling interests in a subsidiary		-	-	-	-	-	-	-
Acquisition of subsidiaries		-	-	-	-	-	-	-
Total transactions with owners		27,952	(488)	(4,408)	9,887	(33,482)	(539)	492
At 31 December 2022		645,626	2,175	75,823	(55,747)	524,901	1,192,778	1,193,299

STATEMENTS OF **CHANGES IN EQUITY** FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

Group	Note	Share capital RM'000	Non-distributable		Distributable		Total attributable to owners RM'000	Non- controlling interests RM'000	Total equity RM'000
			Equity component RM'000	Other reserves RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2023		645,626	2,175	75,823	(55,747)	524,901	1,192,778	521	1,193,299
Loss for the year		-	-	-	-	(2,172)	(2,172)	(4,948)	(7,120)
Other comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year		-	-	4,560	-	-	4,560	-	4,560
		-	-	4,560	-	(2,172)	2,388	(4,948)	(2,560)
Transactions with Owners									
LTIP:									
- share-based payments expenses	8(a)	-	-	3,773	-	-	3,773	-	3,773
- shares transferred	26	-	-	(83)	83	-	-	-	-
Subscription of shares by non-controlling interests in a subsidiary		-	-	-	-	-	-	490	490
Acquisition of a subsidiary	16(d)(i)	-	-	-	-	-	-	92,237	92,237
Total transactions with owners		-	-	3,690	83	-	3,773	92,727	96,500
At 31 December 2023		645,626	2,175	84,073	(55,664)	522,729	1,198,939	88,300	1,287,239

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

Company	Note	Share capital RM'000	Non-distributable		Distributable			Total equity RM'000
			RCPS - Equity component RM'000	Other reserves RM'000	Treasury shares RM'000	Retained earnings RM'000		
At 1 January 2022		617,674	2,663	13,845	(65,634)	224,372	792,920	
Profit for the year/Total comprehensive income for the year		-	-	-	-	594	594	
Transactions with Owners:								
Conversion of RCPS to ordinary shares		27,952	(488)	-	-	-	27,464	
Dividends to owners of Company	11(a)	-	-	-	-	(33,496)	(33,496)	
LTIP:								
- share-based payments expenses	8(a)	-	-	5,479	-	-	5,479	
- shares transferred	26	-	-	(9,887)	9,887	-	-	
Total transactions with owners		27,952	(488)	(4,408)	9,887	(33,496)	(553)	
At 31 December 2022		645,626	2,175	9,437	(55,747)	191,470	792,961	
At 1 January 2023		645,626	2,175	9,437	(55,747)	191,470	792,961	
Profit for the year/Total comprehensive income for the year		-	-	-	-	454,015	454,015	
Transactions with Owners:								
LTIP:								
- share-based payments expenses	8(a)	-	-	3,773	-	-	3,773	
- shares transferred	26	-	-	(83)	83	-	-	
Total transactions with owners		-	-	3,690	83	-	3,773	
At 31 December 2023		645,626	2,175	13,127	(55,664)	645,485	1,250,749	

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES					
(Loss)/Profit before tax		(63,399)	(203,290)	454,662	594
Adjustments for:					
Bad debts written off	8	4	-	4	-
Depreciation of right-of-use assets	20	1,923	1,630	-	-
Depreciation of property, plant and equipment	12	60,902	57,615	-	-
Depreciation of investment properties	13	90	167	-	11
Finance costs	7	62,576	37,313	2,455	3,947
Gain on disposal of property, plant and equipment	8	(4,268)	(514)	-	-
Gain on disposal of investment properties	8	(8,085)	-	(6,917)	-
Gain on disposal of subsidiaries under common control	8	-	-	(451,274)	-
Gain on bargain purchase arising from acquisition of a subsidiary	8	(87,734)	-	-	-
Interest income	6	(7,938)	(4,899)	(146)	(17)
Reversal of allowance for impairment losses on trade and other receivables	22(f)	(3,381)	(1,375)	-	-
Reversal of impairment losses on investments in subsidiaries	16	-	-	(216)	(6,717)
Reversal of impairment losses on property, plant and equipment	12	(663)	-	-	-
LTIP share-based payments expenses	8(a)	3,773	5,479	-	926
(Reversal)/Provision for inventories write-down	21	(50,444)	44,094	-	-
Property, plant and equipment written off	8	1,327	-	-	-
Provision for retirement benefits	8(a)	281	2,088	-	-
Share of results of associates		11	12	-	-
Unrealised loss/(gain) on foreign exchange	8	1,667	(3,283)	-	-
		(93,358)	(64,963)	(1,432)	(1,256)
Movements in working capital:					
(Increase)/Decrease in inventories		(7,909)	93,795	-	-
Decrease/(Increase) in receivables and prepayments		5,380	2,535	(3,047)	(1,213)
Increase/(Decrease) in payables and accruals		42,637	(31,892)	(2,549)	1,496
Cash flows used in operations		(53,250)	(525)	(7,028)	(973)
Finance costs paid		(55,272)	(34,923)	-	-
Income tax paid		(11,366)	(19,305)	(645)	(8)
Interest income received		6,437	4,164	65	-
Retirement benefits paid	31	(718)	(2,955)	-	-
Net cash flows used in operating activities		(114,169)	(53,544)	(7,608)	(981)

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES					
Additions in concession assets	14	(32,812)	(5,242)	-	-
Acquisition of a solar energy business	15	-	(2,343)	-	-
Acquisition of subsidiaries		-	-	-	(11,400)
Changes in non-trade inter-company balances		-	-	(66,508)	27,380
Interest received		1,183	664	81	17
Net cash inflow/(outflow) on acquisition of subsidiaries		166	(12,590)	-	-
Proceeds from disposal of property, plant and equipment		5,939	631	-	-
Proceeds from disposal of investment properties		12,940	-	8,540	-
Proceeds from disposal of a subsidiary under common control		-	-	67,200	-
Subscription of shares by non-controlling interest in a subsidiary		490	1,143	-	-
Purchase of property, plant and equipment	12	(40,613)	(52,587)	-	-
Withdrawal of deposits pledged with licensed banks		1,586	530	-	-
Net cash flows (used in)/from investing activities		(51,121)	(69,794)	9,313	15,997
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividends paid	11(a)	-	(33,496)	-	(33,496)
Dividends paid to holders of RCPS	11(b)/A	(1,732)	(1,732)	(1,732)	(1,732)
Finance costs paid		(4,739)	(12)	-	-
Net (repayments)/drawdown of short term borrowings	A	(9,167)	183,205	-	-
Drawdown of long term borrowings	A	177,116	7,999	-	-
Repayments of long term borrowings	A	(11,225)	(563)	-	-
Net drawdown/(repayments) of lease liabilities	A	(2,156)	(1,816)	-	-
Proceeds from conversion of RCPS		-	20,187	-	20,187
Net cash flows from/(used in) financing activities		148,097	173,772	(1,732)	(15,041)
Net (decrease)/increase in cash and cash equivalents		(17,193)	50,434	(27)	(25)
Cash and cash equivalents at beginning of year		121,021	65,098	98	123
Effects of exchange differences		3,760	5,489	-	-
Cash and cash equivalents at end of year	23	107,588	121,021	71	98

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

(A) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from/(used in) financing activities.

Group 2022	1.1.2022 RM'000	Cash flows (used in)/from financing activities RM'000	Non-cash changes			31.12.2022 RM'000
			Conversion of RCPS RM'000	Acquisition of a subsidiary RM'000	Finance costs RM'000	
RCPS liability	41,678	(1,732)	(7,277)	-	2,022	34,691
Lease liabilities	7,923	(1,816)	-	-	356	6,463
Loans and borrowings	1,021,682	190,641	-	17,097	-	1,229,420
Company 2022	1.1.2022 RM'000	Cash flows used in financing activities RM'000	Non-cash changes			31.12.2022 RM'000
			Conversion of RCPS RM'000	Conversion of a subsidiary RM'000	Finance costs RM'000	
RCPS liability	41,678	(1,732)	(7,277)	(7,277)	2,022	34,691

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

(A) Reconciliation of liabilities arising from financing activities (cont'd)

Group 2023	1.1.2023 RM'000	Cash flows (used in)/from financing activities RM'000	Non-cash changes			31.12.2023 RM'000
			Additions RM'000	Acquisition of a subsidiary RM'000	Finance costs RM'000	
RCPS liability	34,691	(1,732)	-	-	2,078	35,037
Lease liabilities	6,463	(2,156)	4,310	-	487	9,104
Loans and borrowings	1,229,420	156,724	-	70,000	-	1,456,144
Company 2023	1.1.2023 RM'000	Cash flows (used in)/from financing activities RM'000	Non-cash changes			31.12.2023 RM'000
			Cash flows used in financing activities RM'000	Acquisition of a subsidiary RM'000	Finance costs RM'000	
RCPS liability	34,691	(1,732)	-	-	2,078	35,037

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company is located at Wisma Ann Joo, Lot 19391, Batu 8½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan.

The Directors regard Ann Joo Corporation Sdn. Bhd., a private limited liability company incorporated in Malaysia, as its ultimate holding company.

The financial statements of the Group and of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of the Directors on 25 April 2024.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and trading of iron, steel, steel related products, wire and wire rod products, steel service centre, investment holding, provision of property management and management services, provision of project management and contract services for solar and other renewable energy business, and provision of waste management services. Further details of the subsidiaries are set out in the Note 16 to the financial statements.

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

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted all the new and amendments to MFRS issued by the Malaysian Accounting Standards Board ("MASB") which are applicable for annual financial periods beginning on or after 1 January 2023 as described in Note 3.1 to the financial statements.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries and the interests of the Group in associates.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (RM'000) except as otherwise indicated.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

During the current financial year, the Group reported a net loss of RM7,120,000 and as of 31 December 2023, the current liabilities of the Group exceeded its current assets by RM47,831,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

The Directors are of the opinion that the Group will have sufficient cash flows for the next twelve months from the date of the financial statements to meet their cash flows requirement and there is no material uncertainty on the ability of the Group to continue as a going concern. Historical results of the treasury management show that the Group has not defaulted on any obligations due or payable to financial institutions or creditors. With continuous actions taken by management to reduce costs, optimise the Group's cash flows and liquidity as well as the Group's existing lenders continuing to provide financial support by making available the existing and remaining unutilised borrowing facility to the Group, the Directors believe it is appropriate to prepare the financial statements of the Group on a going concern basis.

3.1 Application of new and amendments to MFRS

The Group and the Company has adopted the following Standards and Amendments to the MFRS framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

Adoption of the above Standard and Amendments did not have any material effect on the financial performance or position of the Group and of the Company except for the following:

Amendments to MFRS 101 *Disclosure of Accounting Policies*

The Amendments require the disclosures of 'material', rather than 'significant', accounting policies. The Amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Amendments had an impact on the Group's and Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and Company's financial statements.

3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Interchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Amendments, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with MFRS and IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 14 - Measurement of recoverable amount of concession assets
- Note 15 - Measurement of recoverable amounts of intangible assets
- Note 16 - Measurement of fair value of identifiable assets acquired and liabilities assumed on business combination
- Note 19 - Measurement of deferred tax assets
- Note 21 - Measurement of net realisable value of inventories
- Note 22 - Measurement of impairment losses for receivables

5. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<i>Revenue from contracts with customers:</i>				
Sale of goods	2,501,474	3,030,327	-	-
Services rendered	2,224	415	-	-
	2,503,698	3,030,742	-	-
<i>Other revenue:</i>				
Rental income from:				
- investment properties	4,008	4,009	-	-
- solar energy equipment	344	221	-	-
	4,352	4,230	-	-
	2,508,050	3,034,972	-	-
<i>Timing of revenue recognition:</i>				
Transferred at a point in time	2,505,826	3,034,557	-	-
Transferred over time	2,224	415	-	-
	2,508,050	3,034,972	-	-

- (a) Revenue from contracts with customers is disaggregated in Note 35(b) to the financial statements by geographical area.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

5. REVENUE (CONT'D)

(b) Sale of goods and services rendered

Revenue from the sale of goods is recognised at a point in time when the goods has been transferred, i.e. when goods have been shipped to the specific location (delivery) of the customers.

Revenue from rendering of services are recognised over time, using input method by reference to the progress towards complete satisfaction of that performance obligation.

There is no right of return and warranty provided to the customers on the sale of products and services rendered.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

(c) Rental income

Rental income from investment properties and rental of solar energy equipment are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

6. INTEREST INCOME

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income received from:				
Deposits with licensed banks	1,501	664	81	17
Overdue accounts	6,437	4,235	65	-
	7,938	4,899	146	17

Interest income is recognised as on a time proportion basis that reflects the effective yield on assets.

7. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expenses for:				
Bills payable	49,217	33,449	-	-
Foreign currency trade finance	6,055	1,474	-	-
Term loan	4,716	-	-	-
Unwinding of discount (RCPS) (Note 27)	2,078	2,022	2,078	2,022
Advances from subsidiaries	-	-	377	1,925
Obligations under leases arrangement	23	12	-	-
Lease liabilities (Note 20)	487	356	-	-
	62,576	37,313	2,455	3,947

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

8. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at:

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:					
Auditors' remuneration:					
- current year		447	357	68	65
- over-provision in prior year		-	(4)	-	(5)
- non-audit fee		5	70	5	5
Overhead cost for plant temporary shutdown*		23,834	19,836	-	-
Property, plant and equipment written off		1,327	-	-	-
Foreign exchange loss:					
- realised		-	920	-	-
- unrealised		1,667	-	-	-
Bad debts written off		4	-	4	-
And after crediting:					
Foreign exchange gain:					
- realised		7,380	-	-	-
- unrealised		-	3,283	-	-
Gain on disposal of property, plant and equipment		4,268	514	-	-
Gain on disposal of investment properties		8,085	-	6,917	-
Recovery of bad debts		103	15	-	-
Gain on disposal of subsidiaries under common control		-	-	451,274	-
Gain on bargain purchase arising from acquisition of a subsidiary	16(d)(i)	87,734	-	-	-

* Overhead cost for plant temporary shutdown were due to the scheduled and unscheduled repair and maintenance activities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

8. OPERATING (LOSS)/PROFIT (CONT'D)

(a) Employee benefits costs

Employees include key management personnel of the Group and of the Company.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonus	114,553	102,393	1,002	1,118
Defined contribution plan	10,306	9,615	-	-
Provision for retirement benefits (Note 31)	281	2,088	-	-
LTIP share-based payments expenses	3,773	5,479	-	926
Other staff related expenses	6,821	6,401	-	-
	135,734	125,976	1,002	2,044

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
- Fees:				
- payable by the Company	785	855	785	855
- Emoluments other than fees:				
- payable by the Company	217	267	217	267
- payable by subsidiaries	4,678	8,316	-	-
	5,680	9,438	1,002	1,122
Directors of subsidiaries:				
- Fees	15	-	-	-
- Emoluments other than fees	2,235	2,607	-	-
	7,930	12,045	1,002	1,122

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM144,000 (2022: RM112,000).

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel are Directors of the Company and Directors of its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

9. TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Malaysian tax	6,240	10,466	-	-
Foreign tax	2,431	3,245	-	-
Under/(Over) provision in prior years	126	(8)	7	-
	8,797	13,703	7	-
Deferred tax (Note 19):				
Reversal of temporary differences	(65,393)	(88,174)	-	-
(Over)/Under provision in prior years	(434)	4,315	-	-
	(65,827)	(83,859)	-	-
Real property gain taxes	751	7	640	-
Taxation	(56,279)	(70,149)	647	-

Reconciliation of effective tax expense

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated chargeable income for the year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax	(63,399)	(203,290)	454,662	594
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	(15,216)	(48,790)	109,119	143
Effect of different tax rates in other countries	(1,013)	(1,344)	-	-
Real property gains taxes	751	7	640	-
Tax effects of:				
- Non-deductible expenses	10,092	6,459	847	(143)
- Non-taxable income	(24,991)	(6,506)	(109,966)	-
Tax incentives	(1,743)	(4)	-	-
Deferred tax assets not recognised	427	-	-	-
Utilisation of deferred tax assets previously not recognised	(24,281)	(24,281)	-	-
Share of results of associates	3	3	-	-
Under/(Over) provision in prior years:				
- Current tax	126	(8)	7	-
- Deferred tax	(434)	4,315	-	-
Taxation	(56,279)	(70,149)	647	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

10. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

The calculation of basic loss per ordinary share for the year was based on the loss attributable to owners of the Company and a weighted average number of ordinary shares outstanding (excluding treasury shares) calculated as follows:

		2023	Group 2022
Loss attributable to owners of the Company	(RM'000)	(2,172)	(132,631)
Weighted average number of ordinary shares in issue	('000)	561,364	558,476
Basic loss per ordinary share	(sen)	(0.39)	(23.75)

(b) Diluted loss per ordinary share

Diluted loss per ordinary share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue (excluding treasury shares) during the financial year ended 31 December 2023, adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable have been arrived at based on the assumption that the full conversion of the remaining RCPS in issue into ordinary shares as at the end of the reporting period.

		2023	Group 2022
Loss attributable to owners of the Company	(RM'000)	(2,172)	(132,631)
Effects on earnings upon conversion of RCPS	(RM'000)	2,078	2,022
	(RM'000)	(94)	(130,609)
Weighted average number of ordinary shares in issue	('000)	561,364	558,476
Effect of dilution from the full conversion of the remaining RCPS in issue	('000)	69,263	69,263
Weighted average number of ordinary shares in issue or issuable (Diluted)	('000)	630,627	627,739
Diluted loss per ordinary share	(sen)	(0.01)	(20.81)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

11. DIVIDENDS

(a) Ordinary shares

	Group and Company	
	2023	2022
	RM'000	RM'000
Second single-tier interim dividend for the financial year ended 31 December 2021: 6 sen per ordinary share	-	33,496

The Directors do not recommend the payment of any dividend for ordinary shares in respect of the current financial year.

(b) RCPS

	Group and Company	
	2023	2022
	RM'000	RM'000
First semi-annual RCPS dividend of 1.25 sen per RCPS, paid on 28 June 2022	-	866
Second semi-annual RCPS dividend of 1.25 sen per RCPS, paid on 30 December 2022	-	866
First semi-annual RCPS dividend of 1.25 sen per RCPS, paid on 28 June 2023	866	-
Second semi-annual RCPS dividend of 1.25 sen per RCPS, paid on 3 January 2024	866	-
	1,732	1,732

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2022	181,462	60,775	568,507	932,608	12,807	2,857	1,759,016
Additions	-	-	218	5,880	801	45,688	52,587
Acquisition of a subsidiary	-	-	-	263	278	-	541
Acquisition of a business	-	-	-	2,737	-	-	2,737
Disposals	(128)	-	(96)	(416)	(1,147)	-	(1,787)
Written off	-	-	-	(359)	-	-	(359)
Reclassification	-	-	-	2,252	29	(2,281)	-
Exchange difference	-	-	-	199	-	(42)	157
At 31 December 2022/1 January 2023	181,334	60,775	568,629	943,164	12,768	46,222	1,812,892
Additions	-	-	40	3,500	442	36,631	40,613
Acquisition of a subsidiary	172,000	-	74,000	274,502	3,941	2,590	527,033
Disposals	-	-	-	(47,806)	(72)	-	(47,878)
Written off	-	-	-	(31,311)	(413)	-	(31,724)
Reclassification	-	-	446	41,096	201	(41,743)	-
Exchange difference	-	-	-	162	-	2	164
At 31 December 2023	353,334	60,775	643,115	1,183,307	16,867	43,702	2,301,100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

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

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Accumulated Impairment Losses							
At 1 January 2022	-	16,387	168,010	696,449	11,884	-	892,730
Accumulated depreciation	43	-	9	1,873	-	-	1,925
Accumulated impairment losses							
	43	16,387	168,019	698,322	11,884	-	894,655
Depreciation for the year	-	728	21,513	34,835	539	-	57,615
Acquisition of a subsidiary	-	-	-	101	37	-	138
Acquisition of a business	-	-	-	1,307	-	-	1,307
Disposals	(43)	-	(76)	(404)	(1,147)	-	(1,670)
Written off	-	-	-	(359)	-	-	(359)
Exchange difference	-	-	-	109	-	-	109
At 31 December 2022	-	17,115	189,447	732,038	11,313	-	949,913
Accumulated depreciation	-	-	9	1,873	-	-	1,882
Accumulated impairment losses	-	17,115	189,456	733,911	11,313	-	951,795

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

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

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Accumulated Impairment Losses							
At 1 January 2023	-	17,115	189,447	732,038	11,313	-	949,913
Accumulated depreciation	-	-	9	1,873	-	-	1,882
Accumulated impairment losses	-	-	-	-	-	-	-
Depreciation for the year	-	728	22,423	37,289	462	-	60,902
Acquisition of a subsidiary	-	-	-	172,016	3,941	-	175,957
Reversal of impairment loss	-	-	-	(663)	-	-	(663)
Disposals	-	-	-	(46,135)	(72)	-	(46,207)
Written off	-	-	-	(30,047)	(350)	-	(30,397)
Exchange difference	-	-	-	95	-	-	95
At 31 December 2023	-	17,843	211,870	865,256	15,294	-	1,110,263
Accumulated depreciation	-	-	9	1,210	-	-	1,219
Accumulated impairment losses	-	-	-	-	-	-	-
Net carrying amount	-	17,843	211,879	866,466	15,294	-	1,111,482
At 31 December 2022	181,334	43,660	379,173	209,253	1,455	46,222	861,097
At 31 December 2023	353,334	42,932	431,236	316,841	1,573	43,702	1,189,618

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

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

- (a) Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 - 50 years
Plant, machinery, tools and equipment	2 - 30 years
Furniture, fittings and office equipment	3 - 5 years
Motor vehicles	4 - 5 years

Freehold land has an unlimited useful life and therefore is not amortised.

Property, plant and equipment under construction work-in-progress are not depreciated until the assets are ready for their intended use.

- (b) The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Buildings (Note 20)	3 - 21 years
Land (Note 20)	30 years
Long term leasehold land	99 years
Motor vehicles	5 - 9 years

Long term leasehold land represents right-of-use assets relating to leasehold land with unexpired lease period of 47 to 75 years (2022: 48 to 76 years).

As at the end of the reporting period, the carrying amounts of motor vehicles held under leases arrangement amounted to RM1,243,000 (2022: RM1,404,000).

- (c) Impairment assessment

In the impairment assessment performed in the current financial year, management has determined that the recoverable amounts in the Cash Generating Units ("CGUs") with indications of impairment are in excess of the carrying amounts of the property, plant and equipment and no impairment has been recorded in the current financial year.

During the financial year, the Group has reversed an impairment loss previously recognised on a manufacturing plant and its related equipment which were used in the Group's Upstream Steel Division reportable segment as these assets have been fully disposed in the current financial year. The assets have been previously impaired up to their recoverable amount based on their fair value less costs of disposal as a result of weak market demand.

- (d) As at the end of the reporting period, certain industrial lands with factories located in Petaling Jaya, Selangor of the Group with a total carrying amount of approximately RM67,500,000 has been charged to a licensed bank for term loans facilities granted to the Group as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

13. INVESTMENT PROPERTIES

Group	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2022	1,870	8,386	10,256
Reclassification to non-current assets held for sale (Note 24)	(1,870)	(3,475)	(5,345)
At 31 December 2022/31 December 2023	-	4,911	4,911
Accumulated depreciation			
At 1 January 2022	236	486	722
Depreciation for the year	11	156	167
Reclassification to non-current assets held for sale (Note 24)	(247)	(243)	(490)
At 31 December 2022/1 January 2023	-	399	399
Depreciation for the year	-	90	90
At 31 December 2023	-	489	489
Net carrying amount			
At 31 December 2022	-	4,512	4,512
At 31 December 2023	-	4,422	4,422
Fair value			
At 31 December 2022	-	5,150	5,150
At 31 December 2023	-	5,150	5,150

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

13. INVESTMENT PROPERTIES (CONT'D)

Company	Leasehold land RM'000
Cost	
At 1 January 2022	1,870
Reclassification to non-current assets held for sale (Note 24)	(1,870)
At 31 December 2022	-
Accumulated depreciation	
At 1 January 2022	236
Depreciation for the year	11
Reclassification to non-current assets held for sale (Note 24)	(247)
At 31 December 2022	-
Carrying amount	
At 31 December 2022	-
Fair value	
At 31 December 2022	-

- (a) Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.
- (b) Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. Freehold land is not amortised while leasehold land and buildings are depreciated on a straight-line basis to write down the cost of each land and building to its residual value over its estimated useful lives. The principal estimated useful lives for leasehold land and buildings are between 50 and 94 years (2022: 50 and 94 years).
- (c) The level 3 fair values of these investment properties are based on Directors' estimation by reference to market evidence of transaction prices for similar properties in the vicinity on a price per square feet basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

14. CONCESSION ASSETS

Group	Concession assets under construction RM'000
Cost	
At 1 January 2022	-
Acquisition of a subsidiary	34,624
Effect of business combination (Note 16(d)(iii))	19,167
Additions	5,242
At 31 December 2022/1 January 2023	59,033
Additions	32,812
At 31 December 2023	91,845
Accumulated amortisation and impairment	
At 1 January 2022/31 December 2022/31 December 2023	-
Carrying amount	
At 31 December 2022	59,033
At 31 December 2023	91,845

- (a) Concession assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation of the concession assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The concession assets relating to the solid waste transfer stations are amortised on straight-line basis over the concession period of eight years (2022: six to eight years).
- (b) Concession assets refer to the right to operate solid waste transfer stations by an indirect subsidiary of the Company, namely Bumi Segar Indah Sdn. Bhd. ("BSI"), which comprise capital expenditures including interest charges relating to financing of the capital expenditures of RM2,914,000 (2022: RM1,919,000), incurred in connection with the concession agreements entered into with the Government of Malaysia to operate and maintain the transfer stations.
- (c) In the previous financial year, in determining the fair value of the concession assets acquired, for the purpose of business combination, management had used the income approach based on market participants' view by discounting the future cash flows to be generated from the concessions based on the following key assumptions:
- Cash flow forecasts based on approved financial budgets covering range of six to eight years period;
 - Pre-tax discount rate of the subsidiary of 12.17% had been applied to the cash flow projections; and
 - Forecasted growth rates of 0.30% based on estimated population growth of the residents in Selangor and Kuala Lumpur.

The values assigned to the key assumptions represented management's assessment of future trends as well as historical data in the industry which were based on both external and internal sources. Management has determined that no changes are required to the fair value of the concession assets at the end of the 12-month measurement period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

14. CONCESSION ASSETS (CONTINUED)

(d) Impairment assessment

At the end of the reporting period, the Group carried out impairment assessment on the concession assets which is not ready for intended use. Management has made significant judgements and estimates about the future results and key assumptions applied to the cash flow projections of the Cash Generating Units ("CGUs") in determining their recoverable amounts using the fair value less cost of disposal method based on the income approach. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each CGU. Management has determined that the recoverable amounts are in excess of the carrying amounts of the concession assets and no impairment loss has been recorded in the current financial year.

The Directors believe that no reasonably foreseeable changes in any of the key assumptions would cause the carrying amount of the Group's concession assets to materially exceed their recoverable amounts.

15. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 January 2022	7,398	3,098	10,496
Acquisition of a subsidiary	7	-	7
Acquisition of a business	2,012	-	2,012
At 31 December 2022/31 December 2023	9,417	3,098	12,515
Accumulated impairment/amortisation			
At 1 January 2022/31 December 2022/31 December 2023	216	2,767	2,983
Net carrying amount			
At 31 December 2022	9,201	331	9,532
At 31 December 2023	9,201	331	9,532

- (a) Intangible assets with finite lives such as development costs are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

- (b) Research and development

Development costs principally comprise of the expenditure on development costs on major projects where it is reasonably anticipated that the costs would be recovered through future commercial activity. Development costs have finite useful life and is amortised over its estimated useful life of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

15. INTANGIBLE ASSETS (CONT'D)

(c) Goodwill

Goodwill arising from business combinations have been allocated to the cash-generating units ("CGUs") of the Group based on the following reportable segments:

Group 2023	Upstream steel division RM'000	Green technology division RM'000	Investment holding, property management and others division RM'000	Total RM'000
Cost				
As at 1 January 2023/31 December 2023	7,398	2,012	7	9,417
Accumulated impairment losses				
As at 1 January 2023/31 December 2023	216	-	-	216

Group 2022	Upstream steel division RM'000	Green technology division RM'000	Investment holding, property management and others division RM'000	Total RM'000
Cost				
As at 1 January 2022	7,398	-	-	7,398
Acquisition of a subsidiary	-	-	7	7
Acquisition of a business	-	2,012	-	2,012
As at 31 December 2022	7,398	2,012	7	9,417
Accumulated impairment losses				
As at 1 January 2022/31 December 2022	216	-	-	216
Net carrying amount				
As at 31 December 2023	7,182	2,012	7	9,201
As at 31 December 2022	7,182	2,012	7	9,201

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

15. INTANGIBLE ASSETS (CONT'D)

(c) Goodwill (cont'd)

- (i) On 8 July 2022, the Group via its wholly-owned subsidiary, AJE Best-On Sdn. Bhd. ("AJE-BO") acquired a business dealing in solar energy for a total consideration of RM2,342,636.

The identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were determined as follows:

	2022 RM'000
Property, plant and equipment	1,430
Other receivables, deposits, and prepayments	497
Other payables and accrued liabilities	(1,596)
Net identifiable assets at fair value	331
Goodwill on consolidation	2,012
Purchase consideration	2,343

	2022 RM'000
<u>Net cash flow arising from acquisition of a business</u>	
Consideration settled in cash	2,343
Less : Cash and cash equivalents of the business acquired	-
Net cash outflow from acquisition of the business	2,343

Had the acquisition occurred on 1 January 2022, it would not have any material effect on the earnings, net assets or gearing of the Group for the financial year ended 31 December 2022.

Impairment testing of CGUs containing goodwill

The recoverable amount of goodwill was based on its value-in-use calculation. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit and the projected cash flows were prepared based on financial budgets approved by management and the following key assumptions:

- Cash flow forecasts based on approved financial budgets covering a five years period;
- Pre-tax discount rate of the Group of 10% to 12% (2022: 10% to 12%) has been applied to the cash flow projections;
- Average forecasted revenue growth rates of 6% to 52% (2022: 5%) based on past performance of the CGUs;
- Terminal value based on the fifth year cash flow without incorporating any growth rate; and
- Projected profit margins based on historical profit margins achieved.

The Directors believe that no impairment is required as the recoverable amounts are higher than the carrying amounts of the goodwill.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

15. INTANGIBLE ASSETS (CONT'D)

(c) Goodwill (cont'd)

Impairment testing of CGUs containing goodwill (cont'd)

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources. In particular, the assessment is sensitive towards the fluctuation in the world's raw materials and steel prices which impact the selling prices of the saleable products.

The Directors believe that no reasonably foreseeable changes in any of the above key assumptions would cause the carrying amount of the Group's intangible assets to materially exceed their recoverable amounts.

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost		
At 1 January	950,114	938,714
Additions	645,845	11,400
Disposal of subsidiaries under common control	(305,603)	-
At 31 December	1,290,356	950,114
Accumulated impairment losses		
At 1 January	46,661	53,378
Reversal of impairment losses	(216)	(6,717)
Disposal of subsidiaries under common control	(43,832)	-
At 31 December	2,613	46,661
Net carrying amount	1,287,743	903,453

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any, unless the investment is classified as held for sale. The cost of investments included transaction costs. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All components of non-controlling interests shall be initially measured at fair value on the acquisition date, unless another measurement basis is required by MFRS. The choice of the measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of the non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

- (b) The Company and/or its subsidiaries review the investments in subsidiaries measured at cost for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost of disposal of the underlying assets or the value-in-use of the respective subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Judgement had also been used to determine the pre-tax discount rate for the cash flows and the future growth rate of the business of the entities.

- (c) Reversal of impairment losses of RM216,000 (2022: RM6,717,000) has been recognised during the current financial year as the recoverable amount of the investment in a subsidiary based on its fair value less costs of disposal has exceeded its carrying amount due to improvement in operation of the subsidiary.
- (d) Acquisition of subsidiaries
- (i) On 21 June 2023, the Company via its 55% indirect subsidiary, Konsortia Etiqa Sdn. Bhd. ("KESB") acquired 102,000 ordinary shares, representing 51% equity interest in Perfect Channel Sdn. Bhd. ("PCSB") for a total cash consideration of RM10,000,000.

On the same day, KESB subscribed for additional 100,000,000 new ordinary shares, constituting 99.8% of the enlarged paid-up share capital in PCSB, for a total cash consideration of RM100,000. This made up KESB's total direct shareholding of 99.9% and the Company's total indirect shareholding of 55.0% in PCSB.

The identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were determined as follows:

	2023 RM'000
Property, plant and equipment	351,076
Inventories	568
Trade and other receivables, deposits and prepayments	1,457
Current tax assets	9
Cash and bank balances	166
Deferred tax liabilities	(18,451)
Trade and other payables and accruals	(59,854)
Loans and borrowings	(70,000)
Net identifiable assets	204,971
Less: Non-controlling interests	(92,237)
Share of net identifiable assets at provisional fair value	112,734
Less : Assignment of debts (deemed part of purchase consideration)	(15,000)
Provisional gain on bargain purchase	(87,734)
Purchase consideration for acquisition of shares	10,000
<u>Net cash flow arising from acquisition of a subsidiary</u>	
Purchase consideration for acquisition of shares	10,000
Less : Cash and bank balances acquired	(166)
Less : Deposits paid in previous financial year	(10,000)
Net cash inflow from acquisition of a subsidiary	(166)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Acquisition of subsidiaries (cont'd)

Had the acquisition occurred on 1 January 2023, it would not have any material effect on the earnings, net assets or gearing of the Group for the financial year ended 31 December 2023.

The fair values of the identified assets and liabilities are currently being determined via the ongoing purchase price allocation exercise which shall be completed within one year from the acquisition date of this subsidiary.

- (ii) In the previous financial year, the Group via its wholly owned subsidiaries, Ann Joo Management Services Sdn. Bhd. and Ann Joo Steel Berhad subscribed for a total of 82,500 ordinary shares, representing 55% equity interest in Konsortia Etiqa Sdn. Bhd. for a total cash consideration of RM82,500.

The identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were determined as follows:

	2022 RM'000
Cash and bank balances	152
Other payables and accrued liabilities	(14)
Net identifiable assets	138
Less: Non-controlling interests	(62)
Share of net identifiable assets at fair value	76
Goodwill on acquisition (Note 15)	7
Total purchase consideration	83
<u>Net cash flow arising from acquisition of a subsidiary</u>	
Purchase consideration settled in cash	83
Less : Cash and bank balances acquired	(152)
Net cash inflow from acquisition of a subsidiary	(69)

Had the acquisition occurred on 1 January 2022, it would not have any material effect on the earnings, net assets or gearing of the Group for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Acquisition of subsidiaries (cont'd)

- (iii) In the previous financial year, the Group via its wholly owned subsidiary, Ann Joo Green Energy Sdn. Bhd. acquired 4,564,500 ordinary shares, representing 51% equity interest in Bumi Segar Indah Sdn. Bhd. for a total consideration of RM19,000,000.

The identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were determined as follows:

	2022 RM'000
Property, plant and equipment	403
Concession assets	34,624
Other receivables, deposits, and prepayments	1,244
Cash and bank balances	185
Fixed deposits pledged with a licensed bank	12,819
Trade payables	(9,119)
Other payables and accrued liabilities	(3,447)
Hire purchase payable	(221)
Amounts due to directors	(19,940)
Term loans	(16,876)
Net identifiable liabilities	(328)
Less: Non-controlling interests	161
Effect of business combination relating to concession assets (Note 14)	19,167
Share of net identifiable assets at fair value	19,000
Goodwill on acquisition	-
Total purchase consideration	19,000
The purchase consideration are as follows:	
Cash paid	12,844
Contingent consideration recognised as at acquisition date	6,156
Total purchase consideration	19,000
<u>Net cash flow arising from acquisition of a subsidiary</u>	
Purchase consideration	19,000
Less : Contingent consideration recognised as at acquisition date not paid	(6,156)
Less : Cash and bank balances acquired	(185)
Net cash outflow from acquisition of a subsidiary	12,659

The fair value of the contingent consideration was estimated at RM6,156,000 as at acquisition date.

Had the acquisition occurred on 1 January 2022, it would not have any material effect on the earnings, net assets or gearing of the Group for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) Pursuant to an internal restructuring exercise during the financial year, the Company has disposed:
- (i) its entire equity interest in a wholly-owned subsidiary, Ann Joo Integrated Steel Sdn. Bhd., to another wholly-owned subsidiary of the Company, Ann Joo Steel Berhad for a total consideration of RM424,079,280. The consideration is settled through the issuance of 311,823,000 ordinary shares at RM1.36 each by Ann Joo Steel Berhad.
 - (ii) its entire equity interests in its wholly-owned subsidiaries, Anshin Steel Service Centre Sdn. Bhd., Anshin Steel Processor Sdn. Bhd., Saga Makmur Industri Sdn. Bhd. and Ann Joo Metal (Singapore) Pte. Ltd., to another wholly-owned subsidiary of the Company, Ann Joo Metal Sdn. Bhd. for a total consideration of RM221,765,640. The consideration is settled through the total issuance of 60,606,226 ordinary shares at RM2.98 each by Ann Joo Metal Sdn. Bhd..
 - (iii) its entire equity interest in a wholly-owned subsidiary, Ann Joo Green Energy Sdn. Bhd., to another wholly-owned subsidiary of the Company, Ann Joo Management Services Sdn. Bhd. for a total cash consideration of RM67,200,000.
- (f) Subsidiary of the Group that has material non-controlling interests ("NCI") is as follows:

2023	Perfect Channel Sdn. Bhd. RM'000
NCI percentage of ownership and voting interest	45%
Carrying amount of NCI	88,306
Loss allocated to NCI	(3,989)
Total comprehensive loss allocated to NCI	(3,989)

Summarised financial information of the subsidiary that has material NCI as at the end of the reporting period prior to intra-group elimination is set out below. The non-controlling interests of other subsidiaries are not material to the Group.

2023	Perfect Channel Sdn. Bhd. RM'000
Assets and liabilities	
Non-current assets	348,499
Current assets	3,667
Non-current liabilities	(18,149)
Current liabilities	(290,355)
Net assets	43,662

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) Subsidiary of the Group that has material non-controlling interests ("NCI") is as follows: (cont'd)

2023		Perfect Channel Sdn. Bhd. RM'000
Results		
Revenue		532
Loss for the financial year		(8,864)
Total comprehensive loss for the financial year		(8,864)
Cash flows from operating activities		341,304
Cash flows used in investing activities		(3,724)
Cash flows used in financing activities		(337,653)
Net decrease in cash and cash equivalents		(73)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2023 %	2022 %	

Held by the Company:

Ann Joo Steel Berhad	Malaysia	100	100	Steel mill
Ann Joo Management Services Sdn. Bhd.	Malaysia	100	100	Property management and management services
Ann Joo Metal Sdn. Bhd.	Malaysia	100	100	Trading, retailing, importing, exporting and supplying of all kinds of metal products
Ann Joo Trading Sdn. Bhd.*	Malaysia	100	100	Property holding

Held through Ann Joo Steel Berhad:

Ann Joo Integrated Steel Sdn. Bhd.^	Malaysia	100	100	Manufacturing and trading of iron, steel and steel related products
AJSB Properties Sdn. Bhd.*	Malaysia	100	100	Property management
AJSB Land Sdn. Bhd.*	Malaysia	100	100	Property management

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2023 %	2022 %	
<i>Held through Ann Joo Management Services Sdn. Bhd.:</i>				
Konsortia Etiqa Sdn. Bhd.@	Malaysia	55	55	Investment holding
Ann Joo Green Energy Sdn. Bhd.~	Malaysia	100	100	Investment holding
<i>Held through Ann Joo Metal Sdn. Bhd.:</i>				
Ann Joo Metal (Singapore) Pte. Ltd.* #	Singapore	100	100	Trading, retailing, importing, exporting and supplying all kinds of metal products
Anshin Steel Service Centre Sdn. Bhd. #	Malaysia	100	100	Steel service centre
Anshin Steel Processor Sdn. Bhd.#	Malaysia	100	100	Steel service centre
Saga Makmur Industri Sdn. Bhd. #	Malaysia	100	100	Steel service centre
<i>Held through Ann Joo Green Energy Sdn. Bhd.:</i>				
Bumi Segar Indah Sdn. Bhd.	Malaysia	51	51	Supplying, assembling and commission equipment for waste management services
AJE Best-On Sdn. Bhd.	Malaysia	51	51	Project management and contract services for solar and other renewable energy business
Ann Joo Solar Technology Sdn. Bhd.*	Malaysia	100	100	Dormant
<i>Held through Konsortia Etiqa Sdn. Bhd.</i>				
Perfect Channel Sdn. Bhd.∞	Malaysia	55	-	Manufacturing and trading of steel beams, sections, bars, wire rods, nails, stretched wire mesh and other steel products

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2023 %	2022 %	
Held through Perfect Channel Sdn. Bhd.				
Perfect Wiremakers Sdn. Bhd.	Malaysia	55	-	Manufacturing of hard drawn wires, galvanised steel wires and other wire products

* Audited by a firm other than BDO PLT

^ Subsidiary disposed by the Company to Ann Joo Steel Berhad during the financial year as disclosed in Note 16(e)(i) to the financial statements

Subsidiary disposed by the Company to Ann Joo Metal Sdn. Bhd. during the financial year as disclosed in Note 16(e)(ii) to the financial statements

~ Subsidiary disposed by the Company to Ann Joo Management Services Sdn. Bhd. during the financial year as disclosed in Note 16(e)(iii) to the financial statements

∞ Subsidiary acquired by Konsortia Etiqa Sdn. Bhd. during the financial year as disclosed in Note 16(d)(i) to the financial statements

@ Ann Joo Steel Berhad holds 4% of equity interests in Konsortia Etiqa Sdn. Bhd.

17. INVESTMENTS IN ASSOCIATES

	Note	Group	
		2023 RM'000	2022 RM'000
Unquoted shares, at cost	(b)	300	500
Impairment losses		(214)	(214)
Group's share of post-acquisition reserves		(38)	(27)
		48	259

(a) Investment in associate is stated at cost less accumulated impairment losses in the separate financial statements and it is accounted for using the equity method of accounting in the consolidated financial statements.

(b) Included in the cost of investment in an associate is a contingent consideration amounted to RM200,000 arising from the acquisition of the associate in previous financial years. As at the end of the reporting period, the cost of investment is reduced by RM200,000 as certain conditions set for this contingent consideration remains unsatisfied and has thereafter lapsed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

17. INVESTMENTS IN ASSOCIATES (CONT'D)

- (c) On 21 November 2023, the Group via its wholly-owned subsidiary, Ann Joo Green Energy Sdn. Bhd. ("AJGE"), has subscribed for 390 ordinary shares at RM1.00 per share, representing an equity interest of 39% in JANS Solar Holdings Sdn. Bhd. ("JANS Solar"). AJGE, via a consortium with its partners, JAKS Solar Power Sdn. Bhd. and Fabulous Sunview Sdn. Bhd., were selected as a successful solar power producer with a capacity of 29.99MW under the Corporate Green Power Programme on 7 August 2023 ("Joint Venture Project"). JANS Solar was established as the holding company to undertake the Joint Venture Project.

- (d) Details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2023 %	2022 %	
Anjung Jasa Sdn. Bhd.*	Malaysia	30	30	Trading, retailing, and supplying all kinds of metal products
JANS Solar Holdings Sdn. Bhd. #	Malaysia	39	-	Activities of holding companies, construction of power plants and operating of generation facilities that produce electric energy
<i>Held through JANS Solar Holdings Sdn. Bhd.</i>				
JANS Solar (Nibong Tebal) Sdn. Bhd. #	Malaysia	39	-	Construction of power plants

* Audited by a firm other than BDO PLT

Incorporated during the financial year

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

17. INVESTMENTS IN ASSOCIATES (CONT'D)

(e) Aggregate information about the Group's investments in associates are as follows:

	2023 RM'000	Group 2022 RM'000
Total assets	919	871
Total liabilities	(94)	(8)
Net assets	825	863
Results		
Revenue	1,813	-
Loss for the year, representing total comprehensive loss	(38)	(39)

18. OTHER INVESTMENT

	2023 RM'000	Group 2022 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares	1	1

- (a) The Group has irrevocably elected to classify the equity investment at fair value through other comprehensive income as the investment is held as long term strategic investment and is not held for trading purpose.
- (b) The fair value of unquoted shares of the Group is categorised as Level 3 in the fair value hierarchy. Fair value of unquoted shares is based on Directors' estimation.
- (c) There is no transfer between levels in the fair value hierarchy during the financial year.

19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	2023 RM'000	Group 2022 RM'000
Deferred tax assets	235,509	170,385
Deferred tax liabilities	(32,533)	(14,371)
	202,976	156,014

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Group	
	2023 RM'000	2022 RM'000
At 1 January	156,014	72,161
Recognised in profit or loss (Note 9):		
Property, plant and equipment	4,296	6,750
Provisions	(11,722)	(116)
Tax incentives	18,831	2,949
Unabsorbed capital allowances	595	5,628
Unused tax losses	53,834	68,628
Lease liabilities	(7)	20
	65,827	83,859
Recognised in other comprehensive income:		
Derivatives	(412)	-
Effect on foreign exchange differences	(2)	(6)
	(414)	(6)
Acquisition of a subsidiary	(18,451)	-
At 31 December	202,976	156,014

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets (before offsetting)		
Temporary differences arising from:		
Provisions	11,005	22,729
Tax incentives	125,579	106,748
Unabsorbed capital allowances	6,223	5,628
Unused tax losses	156,651	102,817
	299,458	237,922
Offsetting	(63,949)	(67,537)
Deferred tax assets (after offsetting)	235,509	170,385
Deferred tax liabilities (before offsetting)		
Temporary differences arising from:		
Property, plant and equipment	(95,937)	(81,782)
Lease liabilities	(133)	(126)
Derivatives	(412)	-
	(96,482)	(81,908)
Offsetting	63,949	67,537
Deferred tax liabilities (after offsetting)	(32,533)	(14,371)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Included in the deferred tax assets are unused tax credits which arose from tax incentives enjoyed by certain subsidiaries in the financial year ended 31 December 2023. The utilisation of these deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing deductible temporary differences. At the reporting date, the Group has unused tax losses and unused tax incentive of reinvestment allowances as follows:

	Unused tax losses RM'000	Unused reinvestment allowances RM'000
2023		
Year assessment of 2019, expires in 31 December 2026	-	30,319
Year assessment of 2020, expires in 31 December 2032	-	15,309
Year assessment of 2018, expires in 31 December 2028	274	-
Year assessment of 2019, expires in 31 December 2029	92,113	-
Year assessment of 2020, expires in 31 December 2030	50,069	-
Year assessment of 2022, expires in 31 December 2032	285,950	-
Year assessment of 2023, expires in 31 December 2033	224,307	-
	652,713	45,628
2022		
Year assessment of 2019, expires in 31 December 2026	-	30,319
Year assessment of 2020, expires in 31 December 2028	-	15,309
Year assessment of 2018, expires in 31 December 2028	274	-
Year assessment of 2019, expires in 31 December 2029	92,113	-
Year assessment of 2020, expires in 31 December 2030	50,069	-
Year assessment of 2022, expires in 31 December 2032	285,950	-
	428,406	45,628

Assessment of recognition of deferred tax assets

The assessment on the Group's recognition of deferred tax assets is a key area of judgement based on the probability that future taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax incentives can be utilised.

The Group assesses its recognition of deferred tax assets by the future taxable profits generated by the respective subsidiaries in which the deferred tax assets arose. The future taxable profits were based on the management's estimate based on following key assumptions:

- The projected profits were determined based on past business performance and management's expectations on market development.
- The existing banking facilities will be rolled over and there is no withdrawal of existing facilities by the banks. The bankers will provide continuous support to enable the Group to fulfil its obligations as and when they fall due.
- No changes in the existing tax legislation and tax rate applicable to the related subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources. In particular, the assessment is sensitive towards the fluctuation in the world's raw materials and steel prices which impact the selling prices of the saleable products.

Premised on the above, the management considered that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

The Directors believe that no reasonably foreseeable changes in any of the above key assumptions would cause the recognition of the deferred tax assets of the Group to be inappropriate.

Unrecognised deferred tax assets

The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statements of financial position are as follows:

	2023 RM'000	Group 2022 RM'000
Unabsorbed capital allowances	635	242
Provisions	232	132
Unused tax losses, expires in:		
- 31 December 2028	5,757	5,756
- 31 December 2029	1,651	1,651
- 31 December 2031	843	843
- 31 December 2032	1,093	1,093
- 31 December 2033	1,284	-
Unused investment tax allowance	-	101,169
	11,495	110,886

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is uncertain that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

20. RIGHT-OF-USE ASSETS

Group	Buildings RM'000	Land RM'000	Total RM'000
Cost			
At 1 January 2022	8,394	2,205	10,599
Foreign exchange difference	72	-	72
At 31 December 2022/1 January 2023	8,466	2,205	10,671
Additions	4,310	-	4,310
Foreign exchange difference	56	-	56
At 31 December 2023	12,832	2,205	15,037
Accumulated depreciation			
At 1 January 2022	2,144	777	2,921
Depreciation for the year	1,371	259	1,630
Foreign exchange difference	4	-	4
At 31 December 2022/1 January 2023	3,519	1,036	4,555
Depreciation for the year	1,664	259	1,923
Foreign exchange difference	55	-	55
At 31 December 2023	5,238	1,295	6,533
Net carrying amount			
At 31 December 2022	4,947	1,169	6,116
At 31 December 2023	7,594	910	8,504

- (a) The Group leases a number of warehouses, office buildings and land, which it operates with fixed periodic rent over the lease term.
- (b) The accounting policies for right-of-use assets are disclosed in Note 12 to the financial statements.
- (c) The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets of RM20,000 and below.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

20. RIGHT-OF-USE ASSETS (CONT'D)

- (d) The following table shows the breakdown of lease expense between amounts charged to operating loss and amounts charged to finance costs:

Group	2023 RM'000	2022 RM'000
Depreciation of right-of-use assets	1,923	1,630
Short term and low-value lease expenses:		
- Rental of equipment	4,401	5,550
- Rental of premises	67	17
Charged to operating loss	6,391	7,197
Interest expenses for lease liabilities (Note 7)	487	356
Charged to loss before tax	6,878	7,553

21. INVENTORIES

	2023 RM'000	Group 2022 RM'000
At cost		
Raw materials	305,173	322,216
Semi-finished products	184,966	23,229
Finished goods	343,673	191,552
	833,812	536,997
Consumable stores and refractories	108,994	119,204
	942,806	656,201
At net realisable value		
Raw materials	1,064	22,026
Semi-finished products	-	44,574
Finished goods	26,394	188,543
	27,458	255,143
	970,264	911,344

- (a) Inventories are measured at the lower of cost and net realisable value.
- (b) The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of semi-finished products and finished products, cost includes an appropriate share of production overheads.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

21. INVENTORIES (CONT'D)

(c) Included in inventories of the Group are goods in transit amounting to RM61,201,000 (2022: RM79,463,000).

(d) The expenses recognised in profit or loss are as follows:

	2023 RM'000	Group 2022 RM'000
Inventories recognised as cost of sales	2,530,819	3,078,188
(Reversal)/Provision for inventories write-down	(50,444)	44,094

22. RECEIVABLES AND PREPAYMENTS

	2023 RM'000	Group 2022 RM'000
Trade		
Trade receivables	472,935	506,028
Less: Allowance for doubtful debts	(18,675)	(22,757)
	454,260	483,271
Non-trade		
Other receivables	11,235	7,942
Total receivables	465,495	491,213
Deposits	5,372	3,433
Prepayments	63,327	61,234
	534,194	555,880

	2023 RM'000	Company 2022 RM'000
Non-trade		
Other receivables	7,595	3,909
Deposits	7	7
Amount due from a subsidiary	27	1,526
Prepayments	-	643
	7,629	6,085

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

22. RECEIVABLES AND PREPAYMENTS (CONT'D)

- (a) Total receivables, excluding prepayments, are classified as financial assets measured at amortised cost.
- (b) The normal credit period on sales of goods ranges from 7 to 150 days (2022: 7 to 150 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.
- (c) Included in trade receivables of the Group are:

	Group	
	2023	2022
	RM'000	RM'000
Amounts due from companies in which Directors' and/or close family members of certain Directors have financial interests	-	383
Associate	83	-

In the previous financial year, amounts due from related parties mainly arose from trade transactions which were subject to normal trade credit terms.

- (d) Amount due from a subsidiary is unsecured, interest-free and repayable on demand.
- (e) Recognition and measurement of impairment loss
- (i) Trade receivables

Allowance for doubtful debts is recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

During the process, it requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and significant credit risk. The Group has identified the Gross Domestic Product, unemployment rate and inflation rate as the key macroeconomic factors of the forward looking information.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

- (ii) Other receivables

Allowance for doubtful debts is recognised against other receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

During the process, it requires management to exercise judgement in determining the probability of default by other receivables, appropriate forward looking information and significant credit risk. The Group has identified the Gross Domestic Product, unemployment rate and inflation rate as the key macroeconomic factors of the forward looking information.

No expected credit losses is recognised arising from other receivables as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

22. RECEIVABLES AND PREPAYMENTS (CONT'D)

- (f) Ageing analysis of trade and other receivables

Impairment of trade receivables

For trade receivables which are financial assets, the Group applies the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime expected credit loss ("ECL") from initial recognition.

On that basis, the allowance as at 31 December 2023 was determined as follows for trade receivables:

Group	Current RM'000	>30 days past due RM'000	>60 days past due RM'000	>90 days past due RM'000	>120 days past due RM'000	Total RM'000
Trade receivables						
2022						
Gross carrying amount	323,581	56,216	35,289	22,686	68,256	506,028
Less: Allowance	(524)	(121)	(51)	(49)	(22,012)	(22,757)
	323,057	56,095	35,238	22,637	46,244	483,271
2023						
Gross carrying amount	297,370	46,327	20,325	20,536	88,377	472,935
Less: Allowance	(410)	(101)	(74)	(58)	(18,032)	(18,675)
	296,960	46,226	20,251	20,478	70,345	454,260

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

22. RECEIVABLES AND PREPAYMENTS (CONT'D)

- (f) Ageing analysis of trade and other receivables (cont'd)

Movements in trade receivables' allowance accounts:

	Not credit impaired RM'000	Group Lifetime ECL Credit impaired RM'000	Total allowance RM'000
2022			
At 1 January	924	23,211	24,135
Recognised in profit or loss	(17)	(1,361)	(1,378)
At 31 December	907	21,850	22,757
2023			
At 1 January	907	21,850	22,757
Recognised in profit or loss	(269)	(3,175)	(3,444)
Written off	-	(638)	(638)
At 31 December	638	18,037	18,675

Movements in other receivables' allowance accounts:

	Group Lifetime ECL 2023 RM'000	2022 RM'000
At 1 January	-	-
Recognised in profit or loss	63	3
Written off	(1)	(3)
At 31 December	62	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments while for collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

- (g) Information on financial risk of receivables are disclosed in Note 36(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

23. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits placed with licensed banks	55,892	21,259	-	-
Cash at banks and on hand	62,788	112,122	71	98
	118,680	133,381	71	98
Fixed deposits pledged with a licensed bank	(11,092)	(12,360)	-	-
Cash and bank balances, representing cash and cash equivalents	107,588	121,021	71	98

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Fixed deposits placed with licensed banks as at 31 December 2023 are made for varying maturity periods ranged from one day to one year (2022: one day to one year) depending on the immediate cash requirements of the Group, and earn interests at the respective short term deposit rates. The interest rates as at the end of the reporting period ranged from 2.20% to 3.00% (2022: 1.40% to 2.65%) per annum.
- (c) No expected credit losses are recognised arising from the cash at banks and deposits with financial institutions because the probability of default by these financial institutions are negligible.
- (d) Information on financial risk of receivables are disclosed in Note 36(c) to the financial statements.

24. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	Company
	2022	2022
	RM'000	RM'000
Leasehold land (Note 13)	1,623	1,623
Buildings (Note 13)	3,232	-
	4,855	1,623

- (a) In the previous financial year, the Company entered into a sale and purchase agreement with a third party on 13 April 2022 to dispose a piece of leasehold land located at Klang, Selangor for a cash consideration of RM8,540,000. Accordingly, the leasehold land under investment properties was classified as assets held for sale.

The disposal of the assets has been completed in the current financial year upon fulfillment of all conditions precedent stipulated in the sales and purchase agreement.

- (b) In the previous financial year, the Group, via its subsidiary, Ann Joo Trading Sdn. Bhd., entered into a sale and purchase agreement with a third party on 4 November 2022 to dispose a building located at Petaling Jaya, Selangor for a cash consideration of RM500,000. Accordingly, the building under investment properties was classified as assets held for sale.

The disposal of the assets has been completed in the current financial year upon fulfillment of all conditions precedent stipulated in the sale and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

24. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

- (c) In the previous financial year, the Group disclosed that its subsidiary, Ann Joo Management Services Sdn. Bhd., entered into a sale and purchase agreement with a third party on 4 January 2023 to dispose a building located at Subang Jaya, Daerah Petaling, Selangor, for a cash consideration of RM3,900,000. Accordingly, the building under investment properties was classified as assets held for sale.

The disposal of the assets has been completed in the current financial year upon fulfillment of all conditions precedent stipulated in the sales and purchase agreement.

25. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Ordinary shares				
At 1 January	578,584	563,055	645,626	617,674
Ordinary shares issued pursuant to conversion of RCPS	-	15,529	-	27,952
At 31 December	578,584	578,584	645,626	645,626

In the previous financial year, a total of 15,528,600 RCPS were converted into 15,528,600 ordinary shares of the Company. As a result, the issued ordinary share capital of the Company increased from 563,054,943 ordinary shares to 578,583,543 ordinary shares. The new ordinary shares issued rank pari-passu with the existing ordinary shares of the Company.

There is no issuance of ordinary shares during the current financial year.

26. TREASURY SHARES

	Group and Company	
	2023 RM'000	2022 RM'000
At 1 January	55,747	65,634
Transferred under LTIP	(83)	(9,887)
At 31 December	55,664	55,747

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 19 June 2023 (2022: 15 June 2022), approved a renewal of authorisation to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

26. TREASURY SHARES (CONT'D)

During the financial year, the Company transferred 26,000 ordinary shares held under treasury shares to eligible employees upon vesting of shares under the Share Grant Plan ("SGP") pursuant to the LTIP as disclosed in Note 34 to the financial statements.

In the previous financial year, the Company transferred 3,084,500 ordinary shares held under treasury shares to eligible employees upon vesting of shares under the SGP pursuant to the LTIP as disclosed in Note 34 to the financial statements.

At the end of the reporting period, the total number of ordinary shares repurchased and held as treasury shares is 17,208,400 (2022: 17,234,400).

27. REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES

	Group and Company	
	2023	2022
	RM'000	RM'000
At 1 January	36,866	44,341
Converted into ordinary shares	-	(7,765)
Unwinding of discount charged to profit or loss (Note 7)	2,078	2,022
Dividends paid (Note 11(b))	(1,732)	(1,732)
At 31 December	37,212	36,866
Represented by:		
Liability component		
- Non-current liability	-	34,691
- Current liability	35,037	-
Equity component	2,175	2,175
	37,212	36,866

The par value of the Redeemable Convertible Cumulative Preference Shares ("RCPS") at the end of the reporting period is as follows:

	Group and Company			
	Number of preference shares		Amount	
	2023	2022	2023	2022
	'000	'000	RM'000	RM'000

Preference shares Issued and fully paid:

At 1 January	69,263	84,792	34,631	42,396
Conversion of RCPS	-	(15,529)	-	(7,765)
At 31 December	69,263	69,263	34,631	34,631

On 7 November 2016, the Company issued 125,139,720 RCPS of RM0.01 each, for every 4 existing ordinary shares held in the Company then. The RCPS was issued at RM0.50 per RCPS, convertible into ordinary shares of the Company, for a period of 8 years to November 2024 and carry the right to receive a fixed cumulative dividend rate of 5.0% per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

27. REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES (CONT'D)

The RCPS were listed on the Main Market of Bursa Malaysia Securities Berhad. The proceeds raised from the rights issue of RCPS had been utilised for working capital and expenses in relation to the issuance of RCPS.

In the previous financial year, a total of 15,528,600 RCPS were converted into 15,528,600 ordinary shares of the Company.

The salient terms of the RCPS are as follows:

- (a) The tenure of the RCPS is 8 years commencing from and including the date of issuance of the RCPS;
- (b) The RCPS shall be convertible into new ordinary shares of the Company at a fixed conversion price of RM1.80 per share on the basis of one RCPS into one new ordinary share of the Company, at the option of the holder, at any time commencing from the date of listing of RCPS up to and including the maturity;
- (c) The Company may redeem the RCPS in part on a pro-rata basis or in its entirety as the case may be, at the option of the Company at the issue price of RM0.50 per RCPS, at any time up to maturity but always subject to the requirement of Section 72 of the Companies Act 2016 currently in force and as may be amended from time to time and any re-enactment thereof;
- (d) The RCPS shall carry the right to receive a fixed cumulative dividend rate of 5.0% per annum (net of tax) ("Fixed Dividend") calculated based on the Issue Price and on the amount of RCPS outstanding. The Fixed Dividend is payable semi-annually, subject to availability of distributable profits, or as our Board deems fit and/or expedient and in the best interest of the Company. To the extent that the Fixed Dividends or any part thereof is not declared or paid on a semi-annual basis, after the date on which the RCPS are first issued, it shall continue to accumulate and be declared and paid on a cumulative basis no later than on Maturity;
- (e) The RCPS does not carry any right to vote at any general meeting of the Company except for the following circumstances:
 - (i) when the dividend or part of the dividend on the RCPS has been declared but remains unpaid for more than 6 months;
 - (ii) on a proposal to reduce the Company's share capital;
 - (iii) on a proposal for the disposal of a substantial portion of the Company's property, business and undertaking;
 - (iv) on a proposal that affects the rights attached to the RCPS;
 - (v) on a proposal to wind up the Company; and
 - (vi) during the winding up of the Company.
- (f) The RCPS shall rank equally amongst themselves and may rank in priority to, or equally with other preference shares that may be created in future. The RCPS shall rank in priority to the ordinary shares of the Company, but shall rank behind all secured and unsecured obligations of the Company. The RCPS will rank ahead in regard to payment of dividends in all classes of shares of the Company;
- (g) The RCPS holders shall have priority in the repayment of the RCPS over any payment to the shareholders of ordinary shares of the Company in the event of liquidation. The RCPS holders shall not be entitled to participate in the balance assets of the Company as set out in the Constitution of Company.

The fair values of RCPS, which are categorised as Level 3 in the fair value hierarchy, are estimated using discounted cash flow analysis based on the effective interest rate of unrated redeemable bonds of the Company. There is no material difference between the carrying amount and the estimated fair values of RCPS.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

28. OTHER RESERVES AND RETAINED EARNINGS

Group	Capital reserve RM'000	Hedging reserve RM'000	Other equity reserve RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	LTIP reserve RM'000	Total RM'000
At 1 January 2022	2,500	-	119,316	(62,841)	4,316	13,845	77,136
Credited to equity	-	-	-	-	-	(4,408)	(4,408)
Charged to other comprehensive income	-	-	-	-	3,095	-	3,095
At 31 December 2022/1 January 2023	2,500	-	119,316	(62,841)	7,411	9,437	75,823
Charged to equity	-	-	-	-	-	3,690	3,690
Charged to other comprehensive income	-	1,305	-	-	3,255	-	4,560
At 31 December 2023	2,500	1,305	119,316	(62,841)	10,666	13,127	84,073

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

28. OTHER RESERVES AND RETAINED EARNINGS (CONT'D)

	Non-distributable reserves LTIP reserve RM'000
Company	
At 1 January 2022	13,845
Credited to equity	(4,408)
At 31 December 2022/1 January 2023	9,437
Charged to equity	3,690
At 31 December 2023	13,127

Hedging reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the end of the reporting period.

Other equity reserve

The other equity reserve relates to the revaluation of property, plant and equipment prior to the transition to MFRS.

Merger reserve

The Group's merger reserve relates to the credit difference arising from the business combinations involving Ann Joo Metal Sdn. Bhd., Ann Joo Trading Sdn. Bhd., Ann Joo Green Energy Sdn. Bhd. and Saga Makmur Industri Sdn. Bhd. (business combinations prior to 1 January 2006) which were accounted for using the pooling-of-interests method of accounting.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation.

LTIP reserves

LTIP reserves represents the value of equity-settled shares granted to employees under the Share Grant Plan. This reserve is made up of the cumulative value of services received from employees recorded on grant of shares.

Retained earnings

The retained earnings of the Company are available for distribution as single-tier dividends to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

29. LOANS AND BORROWINGS

	Group	
	2023	2022
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Term loans	161,193	20,124
Obligations under finance lease arrangements	1,041	962
	162,234	21,086
Current		
<u>Secured</u>		
Term loans	29,214	4,027
Obligations under finance lease arrangements	383	338
<u>Unsecured</u>		
Bills payable	1,049,576	1,118,778
Foreign currency trade finance	214,737	85,191
	1,293,910	1,208,334
	1,456,144	1,229,420

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The term loans of the Group are secured by way of:
- (i) Upfront first/third party cash placement of RM10,000,000 in the form of Commodity Murabahah Term Deposit-i ("CMTD-I") of a subsidiary to be held on lien by the Memorandum of Deposit together with Letter of Set Off;
 - (ii) Upfront first/third party cash placement of RM3,000,000 in the form of CMTD-I of a subsidiary to be held on lien by the Memorandum of Deposit together with Letter of Set Off;
 - (iii) Personal guarantee by certain directors of a subsidiary, namely Bumi Segar Indah Sdn. Bhd.;
 - (iv) Legal charge over industrial lands with factories in Shah Alam, Selangor; and
 - (v) Corporate guarantee by the Company in respect of a term loan of RM200 million granted to a subsidiary.
- (c) The Group's obligations under finance lease arrangements are secured by the assets under leases.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

29. LOANS AND BORROWINGS (CONT'D)

(d) Terms and debt repayment schedule

	Carrying amount RM'000	Group Under 1 year RM'000	2 to 5 years RM'000
2023			
<u>Secured:</u>			
Term loans (Note 29(g))	190,407	29,214	161,193
Obligations under finance lease arrangements (Note 29(f))	1,424	383	1,041
<u>Unsecured:</u>			
Bills payable	1,049,576	1,049,576	-
Foreign currency trade finance	214,737	214,737	-
	1,456,144	1,293,910	162,234
2022			
<u>Secured:</u>			
Term loans (Note 29(g))	24,151	4,027	20,124
Obligations under finance lease arrangements (Note 29(f))	1,300	338	962
<u>Unsecured:</u>			
Bills payable	1,118,778	1,118,778	-
Foreign currency trade finance	85,191	85,191	-
	1,229,420	1,208,334	21,086

(e) Effective interest rates

The average effective interest rates per annum of the borrowings are as follows:

	2023 %	Group 2022 %
Obligations under finance lease arrangements	4.35 – 4.55	3.82 – 7.30
Bills payable	3.53 – 5.45	2.09 – 5.10
Foreign currency trade finance	4.01 – 7.50	1.80 – 7.32
Term loans	5.47 – 7.75	7.50

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

29. LOANS AND BORROWINGS (CONT'D)

(f) Obligations under finance lease arrangements

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

	2023 RM'000	Group 2022 RM'000
Minimum lease payments:		
Not later than 1 year	442	390
Later than 1 year but not later than 2 years	418	330
Later than 2 years but not later than 5 years	671	638
Later than 5 years	34	67
Total minimum lease payments	1,565	1,425
Less: Amount representing finance charges	(141)	(125)
Present value of minimum lease payments	1,424	1,300

The fair values of obligations under finance lease arrangements, which are categorised as Level 2 in the fair value hierarchy, are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of financing arrangements. There is no material difference between the carrying amount and the estimated fair values of obligations under finance lease arrangements.

(g) Obligations under term loans arrangements

	2023 RM'000	Group 2022 RM'000
Minimum term loans payments:		
Not later than 1 year	31,812	5,630
Later than 1 year but not later than 2 years	30,209	9,439
Later than 2 years but not later than 5 years	25,720	12,547
Later than 5 years	106,104	-
Total minimum term loans payments	193,845	27,616
Less: Amount representing finance charges	(3,438)	(3,465)
Present value of minimum term loans payments	190,407	24,151

The fair values of obligations under term loans arrangements, which are categorised as Level 2 in the fair value hierarchy, are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of financing arrangements. There is no material difference between the carrying amount and the estimated fair values of obligations under term loans arrangements.

(h) Information on financial risk of borrowings are disclosed in Note 36(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

30. LEASE LIABILITIES

	2023 RM'000	Group 2022 RM'000
Non-current		
Lease liabilities	7,197	5,820
Current		
Lease liabilities	1,907	643
	9,104	6,463

- (a) The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest, reduced for the lease payments made and remeasured to reflect any reassessments or lease modifications.
- (b) Lease liabilities of the Group comprise operating leases of warehouses, office buildings and land as disclosed in Note 20 to the financial statements.
- (c) The weighted average incremental borrowing rate applied to the lease liabilities is 4.00% to 6.75% (2022: 4.50%) per annum.
- (d) Future minimum lease payments under the lease liabilities together with the present value of the net minimum lease payments are as follows:

	2023 RM'000	Group 2022 RM'000
Minimum lease payments:		
Not later than 1 year	2,315	954
Later than 1 year but not later than 2 years	2,319	696
Later than 2 years but not later than 5 years	1,998	2,000
Later than 5 years	4,721	5,202
Total minimum lease payments	11,353	8,852
Less: Amount representing finance charges	(2,249)	(2,389)
Present value of minimum lease payments	9,104	6,463

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

31. PROVISION FOR RETIREMENT BENEFITS

The movement in the provision for retirement benefits during the financial year are as follows:

	2023 RM'000	Group 2022 RM'000
At 1 January	3,138	4,005
Recognised in profit or loss (Note 8(a))	281	2,088
Retirement benefits paid	(718)	(2,955)
At 31 December	2,701	3,138

The provision for retirement benefits are classified into current and non-current as follows:

	2023 RM'000	Group 2022 RM'000
Non-current	2,445	2,629
Current (Note 32)	256	509
	2,701	3,138

The provision for retirement benefits that are recognised in the statements of financial position are analysed as follows:

	2023 RM'000	Group 2022 RM'000
Present value of unfunded obligation	2,701	3,138

The provision for retirement benefits that are charged to profit or loss are analysed as follows:

	2023 RM'000	Group 2022 RM'000
Current service costs and interest on obligation (Note 8(a))	281	2,088

The current service costs and interest on obligation are included in administrative expenses in the statements of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

31. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

The principal actuarial assumption used for the provision for retirement benefits is as follows:

	2023 %	Group 2022 %
Discount rate	3.45	3.45 – 6.50

The retirement benefits scheme was valued by Directors based on valuation carried out by external independent professional actuary in July 2010 using the projected unit credit method.

32. PAYABLES AND ACCRUALS

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade					
Trade payables		209,230	158,981	-	-
Non-trade					
Other payables		85,116	32,691	-	2
Accrued expenses		50,532	46,347	922	3,469
Deposits		3,903	1,036	-	-
Amounts due to subsidiaries		-	-	8,741	80,144
		139,551	80,074	9,663	83,615
Provision for retirement benefits	31	256	509	-	-
		139,807	80,583	9,663	83,615
		349,037	239,564	9,663	83,615

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) The normal trade credit terms granted to the Group range from 7 to 120 days (2022: 7 to 120 days).
- (c) The amounts due to subsidiaries are non-trade in nature and are unsecured, bear interest at 4.28% (2022: 0.95% to 2.41%) per annum and repayable on demand.
- (d) Included in the other payables of the Group is a contingent consideration of RM6,156,000 (2022: RM6,156,000) in relation to the acquisition of an indirect subsidiary as disclosed in Note 16(d)(iii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

33. DERIVATIVE ASSETS/(LIABILITIES)

	Contract/ Notional Amount RM'000	Group			
		2023			2022
		Fair Value Assets RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value Liabilities RM'000
Foreign currency forward contracts	185,431	1,820	(102)	43,146	(1,544)

- (a) Derivatives are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) The Group enters into foreign currency forward contracts to manage some of the transaction exposure. These contracts are entered into for periods consistent with currency transaction exposure and fair value changes exposure. The Group also uses foreign currency forward contracts as cash flow hedges to hedge the exposure to foreign currency exchange risks arising from forecasted expenditure.

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

- (c) The maturity profile of the Group's derivative liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is on payable within one year.
- (d) Derivatives of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

34. LONG TERM INCENTIVE PLAN

The Company's Long Term Incentive Plan ("LTIP") is governed by the By-Laws which was approved by the shareholders of the Company on 21 October 2016 and is administered by the LTIP Committee which is appointed by the Board of Directors of the Company, in accordance with the By-Laws.

The LTIP comprises a Share Grant Plan ("SGP") and a Share Option Plan ("SOP") which shall be in force for a period of 5 years commencing from the effective date of the implementation of the LTIP. The LTIP took effect on 1 January 2017.

The existing LTIP ("LTIP 1") which expired on 31 December 2021 has been extended for another five years commencing from 1 January 2022 to 31 December 2026 ("LTIP 2") in accordance with the terms of the LTIP By-Laws.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

34. LONG TERM INCENTIVE PLAN (CONT'D)

Movement in the number of SGP is as follows:

	LTIP 1	LTIP 2	Total number of shares
Outstanding as at 1 January 2022	3,880,500	-	3,880,500
Granted	-	15,121,250	15,121,250
Vested	(3,084,500)	-	(3,084,500)
Outstanding as at 31 December 2022/1 January 2023	796,000	15,121,250	15,917,250
Granted	-	510,000	510,000
Vested	-	(26,000)	(26,000)
Forfeited	(70,000)	(1,200,000)	(1,270,000)
Outstanding as at 31 December 2023	726,000	14,405,250	15,131,250

During the financial year, the Company transferred 26,000 ordinary shares held under treasury shares to eligible employees upon vesting of shares under SGP pursuant to the LTIP.

The salient features of the LTIP are as follows:

- (i) The LTIP Committee shall have the discretion to determine or vary the terms and conditions of the LTIP from time to time, such as the eligibility criteria and allocation with respect to each award, the timing and frequency of the award, the performance targets and/or other conditions, and the vesting conditions.
- (ii) The total number of LTIP shares and/or any other scheme involving new issuance of the Company's shares which may be implemented from time to time by the Company, on any date shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any time during the period of the LTIP.
- (iii) The total number of the Company's shares that may be offered under the LTIP shall be at the discretion of the LTIP Committee.
- (iv) The LTIP may be extended by the Board at its absolute discretion for up to another 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the effective date or such longer period as may be allowed by the relevant authorities. LTIP 1 which expired on 31 December 2021 had been extended for another 5 years ("LTIP 2").
- (v) The Company's shares to be allotted and issued pursuant to the LTIP shall, upon allotment and issuance, rank equally in all respects with the then existing issued shares and the grant holders shall not be entitled to any dividends, rights, allotments, entitlements and/or any other distributions, for which the entitlement date is prior to the date of issue of the shares.
- (vi) In the event of any alteration in the capital structure during the duration of LTIP, the LTIP Committee may decide for corresponding alternations to be made in:
 - the Option price;
 - the number of unvested shares and/or Options comprised in a grant;
 - the number of Options comprised in SOP Awards that has not been exercised; and/or
 - the method and/or manner in the vesting of the Company's shares comprised in a grant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

34. LONG TERM INCENTIVE PLAN (CONT'D)

The salient features of the LTIP are as follows: (cont'd)

- (vii) Subject to the By-Laws and compliance with the Listing Requirements and any other relevant authorities (if required), the LTIP Committee may at any time and from time to time recommend to the Board any addition, amendment and/or modification to and/or deletions of the By-Laws and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of the By-Laws upon such recommendation provided that such amendment and/or modification would not adversely affect the rights attaching to any LTIP Award.
- (viii) All fees, costs and expenses incurred in relation to preparation and/or operation of the LTIP including but not limited to the fees, costs and expenses relating to the issuance and allotment of the Company's shares pursuant to the LTIP Awards upon the vesting of the Company's shares shall be borne by the Company.

Fair value of shares granted

The fair value of shares granted was measured at grant date.

The performance conditions for the SGP include a market based hurdle and two non-market based hurdles. The non-market based hurdles are valued using a discounted cash flow model while the market based hurdle uses assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation. The valuation of the shares granted was carried out by external independent professional actuary.

The key assumptions used in these models are as follows:

	At grant date	
	LTIP 1	LTIP 2
Share price	RM3.38	RM1.82
Expected dividend yield	5.00%	3.54%
Expected volatility	33.40%	2.78%
Risk free rate	3.46%	Nil

35. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business operations. The business operations are managed based on the Group's management and internal reporting structure.

The Group comprises the following reportable segments:

- (i) Upstream steel division - Manufacturing and trading of iron, steel and steel related products.
- (ii) Downstream steel division - Trading of steel and steel related products, hardware, building and construction materials and operations of steel service centres.
- (iii) Green technology division - Project management and contract services for solar and other renewable energy business as well as waste management services
- (iv) Investment holding, property management and others

Performance is measured based on segment (loss)/profit before tax, as included in the internal management reports that are reviewed by the Group Managing Director. Segment (loss)/profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

(a) Business segments

2023	Upstream steel division RM'000	Downstream steel division RM'000	Green technology division RM'000	Investment holding, property management and others RM'000	Elimination RM'000	Total RM'000
Segment (loss)/profit	(180,310)	32,176	(1,633)	633,984	(547,605)	(63,388)
Share of results of associates						(11)
Consolidated loss before tax						(63,399)
Included in the measure of segment (loss)/profit are:						
Revenue from external customers	1,252,103	1,228,718	22,688	4,541	-	2,508,050
Inter-segment revenue	551,745	2,347	-	26,849	(580,941)	-
Depreciation and amortisation	(49,427)	(5,001)	(234)	(7,458)	(795)	(62,915)
Reversal of inventories write-down	47,272	4,654	-	-	(1,482)	50,444
Finance costs	(40,272)	(23,050)	(437)	(11,276)	12,459	(62,576)
Interest income	3,404	12,334	1,012	3,647	(12,459)	7,938
Gain on bargain purchase arising from acquisition of a subsidiary	-	-	-	87,734	-	87,734
Segment assets	1,796,183	965,476	141,820	599,117	(328,081)	3,174,515
Included in the measure of segment assets are:						
Additions to property, plant and equipment, right-of-use assets and concession assets	27,975	12,661	33,033	3,884	182	77,735
Segment liabilities	1,171,188	562,175	107,626	409,700	(363,413)	1,887,276

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

2022	Upstream steel division RM'000	Downstream steel division RM'000	Green technology division RM'000	Investment holding, property management and others RM'000	Elimination RM'000	Total RM'000
Segment (loss)/profit	(252,341)	46,582	(584)	9,772	(6,707)	(203,278)
Share of results of associates						(12)
Consolidated loss before tax						(203,290)
Included in the measure of segment (loss)/profit are:						
Revenue from external customers	1,811,774	1,218,552	636	4,010	-	3,034,972
Inter-segment revenue	438,863	1,740	-	28,782	(469,385)	-
Depreciation and amortisation	(51,474)	(4,558)	(245)	(2,343)	(792)	(59,412)
Inventories write-down	(40,057)	(5,478)	-	-	1,441	(44,094)
Finance costs	(25,143)	(13,720)	(147)	(4,091)	5,788	(37,313)
Interest income	1,980	7,639	1,028	40	(5,788)	4,899
Segment assets	1,877,325	1,074,655	119,231	163,075	(508,115)	2,726,171
Included in the measure of segment assets are:						
Additions to property, plant and equipment and concession assets	38,734	13,251	5,434	410	-	57,829
Segment liabilities	1,131,531	701,804	83,782	160,375	(544,620)	1,532,872

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

(b) Geographical segments

The Group operates in two principal geographical areas - Malaysia (country of domicile) and Singapore.

In presenting information on the basis of geographical segments, segment revenue from external customers is based on revenue by location of operations. Segment assets are based on the geographical location of the non-current assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	2023		2022	
	Revenue from external customers RM'000	Non-current assets RM'000	Revenue from external customers RM'000	Non-current assets RM'000
Malaysia	2,286,928	1,300,525	2,835,193	939,747
Singapore	221,122	3,444	199,779	802
	2,508,050	1,303,969	3,034,972	940,549

(c) Major customer

Included in total revenue was revenue generated from one customer (2022: one customer) amounted to RM254,607,260 (2022: RM433,221,561) representing 10.2% (2022: 14.3%) of the total revenue, arising from upstream steel and downstream steel segment. This customer is a trader, who exported the Group's products to various countries.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

Financial assets:

	2023 RM'000	Group 2022 RM'000
Amortised costs		
Receivables, excluding prepayments	470,867	494,646
Cash and bank balances	118,680	133,381
Fair Value through Other Comprehensive Income		
Other investment	1	1
	589,548	628,028

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

Financial assets (cont'd):

	Company	
	2023	2022
	RM'000	RM'000
<u>Amortised costs</u>		
Receivables, excluding prepayments	7,629	5,442
Cash and bank balances	71	98
	7,700	5,540

Financial liabilities:

	Group	
	2023	2022
	RM'000	RM'000
<u>Amortised costs</u>		
Loans and borrowings	1,456,144	1,229,420
RCPS - Liability component	35,037	34,691
Lease liabilities	9,104	6,463
Payables and accruals, excluding employee benefits provision	338,477	228,750
	1,838,762	1,499,324
<u>Fair Value through Profit or Loss</u>		
Derivative liabilities	102	1,544
Payables and accruals	6,156	6,156
	6,258	7,700
	1,845,020	1,507,024

	Company	
	2023	2022
	RM'000	RM'000
<u>Amortised costs</u>		
RCPS - Liability component	35,037	34,691
Payables and accruals	9,663	83,615
	44,700	118,306

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(c) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks is minimised and monitored strictly limiting the Group's associations to business partners with high creditworthiness. Receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or Directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use ageing analysis to monitor the credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis.

For individual basis evaluation, any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually and determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. For collective basis evaluation, financial assets are grouped based on similar risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit risk (cont'd)

(i) Receivables (cont'd)

As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	2023 RM'000	Group 2022 RM'000
Maximum exposure	454,260	483,271
Collateral obtained	(33,696)	(869)
Net exposure to credit risk	420,564	482,402

Included in the trade receivables is an amount of RM33,696,000 (2022: RM869,000) relating to export proceeds which was secured by letter of credit at sight.

Certain trade receivables are under instalment plans which are within 12 months.

Certain receivables are secured by financial guarantees given by banks, shareholders or Directors of the customers.

Although certain receivables are secured by third party financial guarantees, it is impracticable to estimate the fair value of the guarantees obtained.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(ii) Bank balances and deposits with licensed banks and other financial assets

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's cash and cash equivalents are deposited with financial institutions with good creditworthiness. The Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents in the statements of financial position.

Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity risk

Prudent liquidity risk management required the Group to maintain sufficient cash via internally generated cash flows and the availability of funding resources through an adequate amount of committed credit facilities. The Group also structures its borrowings to fund working capital requirements and capital expenditure respectively.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's derivative and non-derivative financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual cash flow RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2023						
<i>Derivative financial liabilities</i>						
Derivative liabilities	102	102	102	-	-	-
<i>Non-derivative financial liabilities</i>						
Obligations under lease arrangements	1,424	1,565	442	418	671	34
RCPS - Liability component	35,037	35,037	35,037	-	-	-
Lease liabilities	9,104	11,353	2,315	2,319	1,998	4,721
Bills payable	1,049,576	1,049,576	1,049,576	-	-	-
Foreign currency trade finance	214,737	214,737	214,737	-	-	-
Term loans	190,407	193,845	31,812	30,209	25,720	106,104
Payables and accruals, excluding employee benefits provision	344,633	344,633	344,633	-	-	-
	1,845,020	1,850,848	1,678,654	32,946	28,389	110,859

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's derivative and non-derivative financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Group	Carrying amount RM'000	Contractual cash flow RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2022						
<i>Derivative financial liabilities</i>						
Derivative liabilities	1,544	1,544	1,544	-	-	-
<i>Non-derivative financial liabilities</i>						
Obligations under lease arrangements	1,300	1,425	390	330	638	67
RCPS - Liability component	34,691	34,691	-	34,691	-	-
Lease liabilities	6,463	8,852	954	696	2,000	5,202
Bills payable	1,118,778	1,119,330	1,119,330	-	-	-
Foreign currency trade finance	85,191	85,788	85,788	-	-	-
Term loans	24,151	27,616	5,630	9,439	12,547	-
Payables and accruals, excluding employee benefits provision	234,906	234,906	234,906	-	-	-
	1,507,024	1,514,152	1,448,542	45,156	15,185	5,269

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's derivative and non-derivative financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Company	Carrying amount RM'000	Contractual cash flow RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2023						
<i>Non-derivative financial liabilities</i>						
RCPS - Liability component	35,037	35,037	35,037	-	-	-
Payables and accruals	9,663	9,663	9,663	-	-	-
	44,700	44,700	44,700	-	-	-
2022						
<i>Non-derivative financial liabilities</i>						
RCPS - Liability component	34,691	34,691	-	34,691	-	-
Payables and accruals	83,615	83,615	83,615	-	-	-
	118,306	118,306	83,615	34,691	-	-

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD), Euro (EUR), Japanese Yen (JPY), Renminbi (CNY) and Swiss Franc (CHF).

Risk management objectives, policies and processes for managing the risk

The Group monitors the foreign exchange exposure closely and may be partially or fully hedged depending on the size of the exposure and the expected strength of the currency in future.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market risk (cont'd)

(i) Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the respective functional currencies of Group entities) risk, based on carrying amount as at the end of the reporting period was:

	USD RM'000	SGD RM'000	Denominated in			CNY RM'000	CHF RM'000	RM RM'000
			EUR RM'000	JPY RM'000				
Group								
2023								
For entities with functional currency of RM:								
Receivables	42,632	7,163	-	-	326	-	-	-
Cash and cash equivalents	4,409	30	-	-	-	-	-	-
Loans and borrowings	(180,097)	-	-	-	-	-	-	-
Payables and accruals	(33,717)	(127)	(881)	(15)	(2,616)	(9)	-	-
	(166,773)	7,066	(881)	(15)	(2,290)	(9)	-	-
For entity with functional currency of USD:								
Receivables	-	63,557	-	-	-	-	-	-
Cash and cash equivalents	-	8,436	-	-	-	-	-	293
Loans and borrowings	-	(34,640)	-	-	-	-	-	-
Payables and accruals	-	(166)	-	-	-	-	-	(37)
	-	37,187	-	-	-	-	-	256
Net exposure in the statements of financial position	(166,773)	44,253	(881)	(15)	(2,290)	(9)		256

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market risk (cont'd)

(i) Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

The Group's exposure to foreign currency (a currency which is other than the respective functional currencies of Group entities) risk, based on carrying amount as at the end of the reporting period was: (cont'd)

	USD RM'000	SGD RM'000	Denominated in			CNY RM'000	RM RM'000
			EUR RM'000	JPY RM'000			
Group							
2022							
For entities with functional currency of RM:							
Receivables	2,010	13,486	-	2,820	115	-	-
Cash and cash equivalents	72,652	1,243	-	-	-	-	-
Loans and borrowings	(42,830)	-	-	-	-	-	-
Payables and accruals	(5,659)	(758)	(929)	(2)	(2,761)	-	-
	26,173	13,971	(929)	2,818	(2,646)	-	-
For entity with functional currency of USD:							
Receivables	-	75,341	-	-	-	-	-
Cash and cash equivalents	-	2,958	-	-	-	337	-
Payables and accruals	-	(3,422)	-	-	-	(52)	-
	-	74,877	-	-	-	-	285
Net exposure in the statements of financial position	26,173	88,848	(929)	2,818	(2,646)	285	285

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market risk (cont'd)

(i) Currency risk (cont'd)

Currency risk sensitivity analysis

A three percent (2022: three percent) strengthening of the functional currencies of Group entities against the following currencies at the end of the reporting period would increase/(decrease) post-tax loss and equity by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	Loss after tax and equity	
	2023 RM'000	2022 RM'000
USD	3,802	(597)
SGD	(1,087)	(2,183)
EUR	20	21
JPY	*	(64)
CNY	52	60
CHF	*	-

* Less than RM1,000.

Conversely, a weakening of the functional currencies of Group entities against the above currencies at the end of the reporting period would have had an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

A three percent strengthening or weakening is used when reporting currency risk internally to key management personnel and represents managements' assessment of the reasonably possible change in currencies.

(ii) Interest rate risk

The Group is exposed to interest rate risk from changes in interest rates primarily for debt obligations and short term deposit placements in the money market.

Risk management objectives, policies and processes for managing the risk

The Group manages this risk through the use of fixed and floating rate debt instruments to generate a desired interest rate profile.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group and of the Company's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting period were:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Financial assets	55,892	21,259	-	-
Financial liabilities	(1,309,878)	(1,246,423)	(43,778)	(114,835)
	(1,253,986)	(1,225,164)	(43,778)	(114,835)
Floating rate				
Financial liabilities	(190,407)	(24,151)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value sensitivity analysis for floating rate instrument

Sensitivity analysis for floating rate instrument at the end of the reporting period is not presented as changes in interest rate would not materially affect profit or loss.

(f) Fair value of financial instruments

The carrying amount of cash and cash equivalents, short term receivables, payables and borrowings approximate their respective fair value due to the relatively short term nature of these financial instruments.

The fair values hierarchy of other financial assets and financial liabilities are as disclosed in Notes 18, 29(f), 29(g) and 33 to the financial statements respectively.

No transfers between any levels of the fair value hierarchy took place during the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants requirements.

- (i) The debt-to-equity ratio at the end of the reporting period were as follows:

		2023	Group 2022
Bank borrowings	(RM'000)	1,456,144	1,229,420
Total equity	(RM'000)	1,287,239	1,193,299
Debt-to-equity ratio		1.13	1.03

- (ii) The net debt-to-equity ratio at the end of the reporting period were as follows:

		2023	Group 2022
Bank borrowings	(RM'000)	1,456,144	1,229,420
Less: Cash and bank balances	(RM'000)	(118,680)	(133,381)
Net debt	(RM'000)	1,337,464	1,096,039
Total equity	(RM'000)	1,287,239	1,193,299
Net debt-to-equity ratio		1.04	0.92

There were no changes in the Group's approach to capital management during the year.

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement for the financial year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

38. CAPITAL AND OTHER COMMITMENTS

	Group	
	2023	2022
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	17,246	22,708
Approved expenditure but not contracted for	8,428	16,717
	25,674	39,425
Concession assets		
Contracted but not provided for	35,829	48,260
	61,503	87,685

39. FINANCIAL GUARANTEE CONTRACTS

The Company has financial guarantee contract of RM152,100,000 in respect of financial guarantees given to a financial institution for term loan facility granted to a subsidiary. The Company monitors the ability of the subsidiary to service its loan regularly.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of the amount of the loss allowance and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

The Company assumes that there is significant increase in credit risk when the subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when the subsidiary is unlikely to repay its credit obligation to the bank in full or the subsidiary is continuously loss making and is having a deficit shareholders' fund. The Company determines the probability of default of the guaranteed loans individually using internal information available.

Financial guarantees have not been recognised since the fair value was not material on initial recognition. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

40. MATERIAL LITIGATIONS

In the High Court of Malaya at Kuala Lumpur (Civil Division) Suit No. WA-22NCVC-303-06/2017 between Amsteel Mills Sdn. Bhd. ("Amsteel") (Plaintiff) and Ann Joo Steel Berhad ("AJSB") (Defendant)

On 21 June 2017, AJSB was served with a Writ and Statement of Claim from Amsteel for claims arising from alleged wrongful termination of Contract and its Addendum by AJSB. The parties have since exchanged pleadings. There was also a discovery application filed by Amsteel, which has since been disposed of and the matter was litigated up to the Federal Court.

The trial dates were fixed for 1 to 4 and 11 August 2023. The pre-trial documents and witness statements were filed by the parties and the matter proceeded for trial on 1 to 3 August 2023 and 11 August 2023. The trial date of 4 August 2023 was vacated by the Court. The trial has concluded on 11 August 2023 and the Court directed the filing and exchange of written submissions and reply submissions, with an oral hearing initially fixed on 1 March 2024. On 16 February 2024, the Court vacated the oral hearing of 1 March 2024 and rescheduled the oral hearing to 10 July 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONT'D)

41. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel are Directors of the Company and Directors of its subsidiaries.

The Group has a related party relationship with its fellow subsidiaries, Directors, key management personnel and companies in which the Directors/Directors' family have substantial financial interests.

The significant related party transactions are as follows:

	Group	
	2023 RM'000	2022 RM'000
Subsidiary of the ultimate holding company		
Rental received	83	83
Companies in which certain Directors and/or close family members of certain Directors have financial interests		
Sale of goods	1,993	4,790
Associate		
Sale of goods	957	-
Director of an associate		
Commission expenses	-	13
	Company	
	2023 RM'000	2022 RM'000
Subsidiaries		
Interest expense	377	1,925

The outstanding balances arising from the above transactions are as disclosed in Notes 22 and 32 to the financial statements respectively.

RECURRENT RELATED PARTY TRANSACTIONS

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2023 of a revenue or trading nature carried out by Ann Joo Group in its normal course of business on an arm's length basis is as follows:

Transacting Parties	Related Parties	Nature of Transaction	(RM'000)
Ann Joo Group	Lim Group	Sale of steel or steel related products; Provision of various services or treatment for steel or steel related products; Provision of cutting and bending services; Charging of incidental cost and expenses in relation thereto; and Interest charged on overdue account.	1,993
	Lim Group	Lease of office space at Lot 19391, Mukim and District of Petaling to Lim Group.	83

Ann Joo Group : Ann Joo Resources Berhad and its subsidiaries

Lim Group : Includes Ann Joo Corporation Sdn Bhd and its related corporations, Lim Seng Chee & Sons Sdn Bhd Group, LSQ & Sons Sdn Bhd, Lim Sin Seong Sdn Bhd, and Lim Seng Qwee (Major Shareholders), Dato' Lim Kiam Lam and Lim Sin Seong (Directors and Major Shareholders of Ann Joo Group), Dato' Lim Hong Thye, Dato' Lim Aun Chuan, Lim Hong Hock and Lim Kien Lip (Directors of Ann Joo Group) and persons connected.

The Recurrent Related Party Transactions were within the threshold in accordance with the mandate approved by the Shareholders.

LIST OF TOP 10 PROPERTIES

AS AT 31 DECEMBER 2023

	Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Date of Last Revaluation/ Acquisition	Net Book Value as at 31 December 2023 RM'000
1	Part of Lot 225 Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2032)	Industrial Land	11.126 acres	Iron Making Plant, Steel Making Plant, Rolling Mill 1, Rolling Mill 2, Oxygen Plant and Office Buildings	13 - 57	31-12-2010	455,482
	Parts of Lots 227 & 236, Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2057)	Industrial Land, Buildings & Structures	29.44 acres			31-12-2010	
	Lot 78, Prai Town Penang	Freehold	Industrial Land and Buildings	237.448 acres			31-12-2010	
2	Lot 8067, 8068, 8069, 8070, 8071 and 8072 Bandar Gurun District of Kuala Muda Kedah Darul Aman	Freehold	Industrial Land & Buildings	436.84 acres	Rolling Mill, Factory, Office Buildings and Main Intake Substation	16 - 18	31-12-2023	245,101
3	HS(D) 132496 Lot 9 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land & Building	5.3255 hectares	Factory and Office	30	31-12-2008	38,185
4	HS(D) 50441 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 25.03.2070)	Industrial Land & Building	4.150 hectares	Factory and Office	32	31-12-2008	28,085
5	Lot 19391 Mukim and District of Petaling	Freehold	Commercial Land & Building	1.2965 hectares	Office and Warehouse	41	31-12-2008	27,237
6	HS(D) 156463 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 29.06.2076)	Industrial Land & Building	1.658 hectares	Factory and Office	33	31-12-2008	11,967
7	Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	21	31-12-2008	10,830

LIST OF **TOP 10 PROPERTIES** AS AT 31 DECEMBER 2023 (CONT'D)

	Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Date of Last Revaluation/ Acquisition	Net Book Value as at 31 December 2023 RM'000
8	P227 Precinct 2 Jalan FZ 6-P2 Port Klang Free Zone/KS 12 42920 Pulau Indah Selangor Darul Ehsan	Leasehold (expiring on 28.04.2039)	Building	16,430 sq.m.	Office and Warehouse	12	01-04-2011	6,466
9	Lot 426, Mukim 5 Province Wellesley South, Penang	Freehold	Industrial Land	15 acres	Vacant	N/A	31-12-2010	2,900
10	Service Apartment Unit No. 8-1 Damai 88 Jalan Damai Off Jalan Ampang 54000 Kuala Lumpur	Freehold	Service Apartment	1,215 sq.ft	Vacant	8	17-03-2020	1,755

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

ORDINARY SHARES

Total Number of Issued Ordinary Share : 578,583,543
 Voting rights : One vote per ordinary share held
 No. of treasury shares held : 17,208,400 ordinary shares

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	110	1.09	1,891	0.00
100 – 1,000	1,415	14.02	1,017,054	0.18
1,001 – 10,000	6,150	60.92	27,244,607	4.85
10,001 – 100,000	2,149	21.29	65,618,923	11.69
100,001 – Less than 5% of issued shares	267	2.65	147,807,186	26.33
5% and above of issued shares	3	0.03	319,685,482	56.95
Total	10,094	100.00	561,375,143	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2024

Name of Directors	Direct Interest	No. of shares		%
		%	Indirect Interest	
Dato' Lim Kiam Lam	4,645,025	0.83	275,536,632*	49.08
Dato' Lim Hong Thye	5,183,650	0.92	-	-
Dato' Lim Aun Chuan	2,409,500	0.43	-	-
Lim Hong Hock	1,040,875	0.19	-	-
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	-	-	-	-
Dato' Chan Choy Lin	-	-	-	-

Note:

* Deemed interest pursuant to Sections 8 and 59 of the Companies Act 2016.

ANALYSIS OF **SHAREHOLDINGS** AS AT 29 MARCH 2024 (CONT'D)

DIRECTORS' INTEREST IN SHARES IN RELATED COMPANIES AS AT 29 MARCH 2024

Related company	Director	Direct Interest	No. of shares		
			%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	Dato' Lim Kiam Lam	750,000	1.50	23,900,000*	47.80

Note:

* Deemed interest through substantial shareholding in Lim Seng Chee & Sons Sdn Bhd, in accordance with Section 8 of the Companies Act 2016.

Other than the above disclosure, none of the Directors of the Company have direct or indirect interest in the related corporations as at 29 March 2024.

SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024

Name	Direct Interest	No. of shares		
		%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	199,229,032	35.49	-	-
Lim Seng Chee & Sons Sdn Bhd	75,929,600	13.53	199,229,032	35.49
LSQ & Sons Sdn Berhad	65,050,850	11.59	199,229,032	35.49
Lim Sin Seong Sdn Bhd	18,600,000	3.31	199,229,032	35.49
Lim Seng Qwee	6,510,000	1.16	264,279,882*	47.08
Dato' Lim Kiam Lam	4,645,025	0.83	275,158,632*	49.02
Lim Sin Seong	-	-	217,829,032*	38.80

Note:

* Deemed interest pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF **SHAREHOLDINGS** AS AT 29 MARCH 2024 (CONT'D)

FIFTY LARGEST SHAREHOLDERS AS AT 29 MARCH 2024

No.	Name of Shareholders	No. of shares	%
1.	Ann Joo Corporation Sdn Bhd	199,229,032	35.49
2.	LSQ & Sons Sdn Berhad	65,050,850	11.59
3.	Lim Seng Chee & Sons Sdn Bhd	55,405,600	9.87
4.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Lim Seng Chee & Sons Sdn Berhad</i>	20,524,000	3.66
5.	Lim Sin Seong Sdn Bhd	12,720,000	2.27
6.	Lim Seng Qwee	6,510,000	1.16
7.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Sin Seong Sdn Bhd</i>	5,880,000	1.05
8.	Dato' Lim Hong Thye	5,183,650	0.92
9.	Yong Chai Lee	5,098,208	0.91
10.	UOBM Nominees (Tempatan) Sdn Bhd <i>UOB Islamic Asset Management Sdn Bhd For Lembaga Tabung Haji</i>	3,761,800	0.67
11.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial</i>	3,620,200	0.65
12.	Lim Ka Huat	2,790,000	0.50
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Dato' Lim Kiam Lam</i>	2,500,000	0.45
14.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Dato' Lim Aun Chuan</i>	2,409,500	0.43
15.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Lim Kiam Lam</i>	2,145,025	0.38
16.	Lim Kian Wat	1,809,925	0.32
17.	Lim Chai Beng	1,805,400	0.32
18.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Peter Kok Loke San</i>	1,750,700	0.31
19.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Lim Kian Wat</i>	1,570,056	0.28
20.	Tan Peng Chung	1,200,000	0.21
21.	Lim Hong Hock	1,040,875	0.19
22.	Lai Siah Yang	900,000	0.16
23.	Ong Cheng Teck	865,700	0.15
24.	Low Hin Ching	826,500	0.15
25.	Chow Chong Chek	820,000	0.15
26.	Tan Liew Cheun	804,000	0.14
27.	Koh Miau Chu	733,000	0.13
28.	Tan Boon Kee	728,200	0.13
29.	Ng Teng Song	720,000	0.13
30.	Lim Yok Ten	717,450	0.13

ANALYSIS OF **SHAREHOLDINGS** AS AT 29 MARCH 2024 (CONT'D)

FIFTY LARGEST SHAREHOLDERS AS AT 29 MARCH 2024 (CONT'D)

No.	Name of Shareholders	No. of shares	%
31.	Hoh Ding Wei	715,000	0.13
32.	Tham Kah Fook	702,700	0.13
33.	HSBC Nominees (Asing) Sdn Bhd <i>J.P. Morgan Securities Plc</i>	702,014	0.13
34.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Chee Peng</i>	700,500	0.13
35.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Koing @ Lee Kim Sin</i>	700,000	0.13
36.	Lim Xiao Jie Dexter	700,000	0.13
37.	Lim Xiao Xuan, Harriet	700,000	0.13
38.	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	673,658	0.12
39.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN for Barclays Capital Securities Ltd</i>	667,900	0.12
40.	Lim Chiun Cheong	660,000	0.12
41.	Lim Hong Choon	658,800	0.12
42.	Chuah Cheng Hock	652,500	0.12
43.	Foong Nget Lee	643,000	0.12
44.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust</i>	638,500	0.11
45.	Violet Acres Sdn Bhd	552,000	0.10
46.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Goh Ching Mun</i>	550,000	0.10
47.	Tan Leong Kiat	550,000	0.10
48.	Lim Hong Choon	540,700	0.10
49.	Kenanga Investment Bank Berhad <i>IVT Naga 8</i>	514,400	0.10
50.	Koon Poh Keong	500,000	0.09

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024 (CONT'D)

REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES ("RCPS")

Total Number of Outstanding RCPS	: 69,264,355
Voting Rights	: No voting rights
Issue Price	: RM0.50
Conversion Price	: RM1.80
Expiry Date	: 30 November 2024

Size of Holdings	No. of RCPS Holders	%	No. of RCPS Holdings	%
Less than 100	46	5.18	1,834	0.00
100 – 1,000	389	43.80	203,287	0.29
1,001 – 10,000	341	38.40	1,164,254	1.68
10,001 – 100,000	90	10.14	2,879,005	4.16
100,001 – Less than 5% of issued holdings	19	2.14	10,363,775	14.96
5% and above of issued holdings	3	0.34	54,652,200	78.91
Total	888	100.00	69,264,355	100.00

LIST OF DIRECTORS' RCPS HOLDINGS AS AT 29 MARCH 2024

Name of Directors	Direct Interest	%	No. of RCPS Indirect Interest	%
Dato' Lim Kiam Lam	1,659,012	2.40	50,758,000*	73.28
Dato' Lim Hong Thye	607,700	0.88	-	-
Dato' Lim Aun Chuan	-	-	-	-
Lim Hong Hock	104,875	0.15	-	-
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	-	-	-	-
Dato' Chan Choy Lin	-	-	-	-

Note:

* Deemed interest pursuant to Sections 8 and 59 of the Companies Act 2016

ANALYSIS OF **SHAREHOLDINGS** AS AT 29 MARCH 2024 (CONT'D)

FIFTY LARGEST RCPS HOLDERS AS AT 29 MARCH 2024

No.	Name of RCPS Holders	No. of RCPS	%
1.	Ann Joo Corporation Sdn Bhd	33,378,100	48.19
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Lim Seng Chee & Sons Sdn Berhad</i>	14,000,000	20.21
3.	LSQ & Sons Sdn Berhad	7,274,100	10.50
4.	Lim Seng Chee & Sons Sdn Bhd	3,351,400	4.84
5.	Lim Seng Qwee	1,433,738	2.07
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Deva Dassan Solomon</i>	907,800	1.31
7.	Dato' Lim Kiam Lam	850,000	1.23
8.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Lim Kiam Lam</i>	809,012	1.17
9.	Dato' Lim Hong Thye	607,700	0.88
10.	Ho Chu Chai	467,900	0.68
11.	Lim Kian Wat	248,625	0.36
12.	Lou Swee You	241,250	0.35
13.	Maybank Nominees (Tempatan) Sdn Bhd <i>Ting Poi Ling</i>	219,200	0.32
14.	Leong Swee Keong	180,000	0.26
15.	Tan Kim Tian	180,000	0.26
16.	Law Shee Yuan	163,375	0.24
17.	Lim Yok Ten	163,300	0.24
18.	Lee Guat Yong	126,000	0.18
19.	Tay Kim Chuan	105,700	0.15
20.	Lim Hong Hock	104,875	0.15
21.	Ng Chee Cheng	102,600	0.15
22.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chai Kuet Far</i>	101,300	0.15
23.	Destinet Sdn Bhd	100,000	0.14
24.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Hong Choon</i>	95,500	0.14
25.	Tan Ban Seng (M) Sdn Bhd	90,000	0.13
26.	Bintang Barat Sdn Bhd	87,500	0.13
27.	Kong Lek Chai @ Kong Ah Lim	87,500	0.13
28.	Citigroup Nominees (Asing) Sdn Bhd <i>Goldman Sachs International</i>	87,401	0.13
29.	Chuah Cheng Hock	82,000	0.12
30.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chai Siew Ting</i>	78,000	0.11

ANALYSIS OF **SHAREHOLDINGS** AS AT 29 MARCH 2024 (CONT'D)

FIFTY LARGEST RCPS HOLDERS AS AT 29 MARCH 2024 (CONT'D)

No.	Name of RCPS Holders	No. of RCPS	%
31.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Lim Chooi Tang</i>	70,000	0.10
32.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Boon Soon</i>	69,200	0.10
33.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Deva Dassan Solomon</i>	57,700	0.08
34.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Leow Poh Teong</i>	56,400	0.08
35.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Helina Shanti Solomon</i>	53,000	0.08
36.	Maybank Nominees (Tempatan) Sdn Bhd <i>Tan Kim Tian</i>	50,000	0.07
37.	Mok Rhu Tar	50,000	0.07
38.	Wong Wai Kuan	49,900	0.07
39.	Tan Eng Hai	48,300	0.07
40.	Loh Wai Ling	47,000	0.07
41.	Phillip Nominees (Tempatan) Sdn Bhd <i>Exempt AN For Phillip Capital Management Sdn Bhd (EPF)</i>	44,404	0.06
42.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Inbamanay A/P M J Arumanayagam</i>	43,200	0.06
43.	Ng Tiong Sew	42,600	0.06
44.	Tan Swee King	42,200	0.06
45.	Tai Chin Oon	42,000	0.06
46.	Chan Hen Leong	40,000	0.06
47.	Chan Hen Leong	40,000	0.06
48.	Chan Hen Leong	40,000	0.06
49.	Lim Ka Huat	36,500	0.05
50.	Chuah Eng Mok	36,000	0.05

NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Eighth Annual General Meeting ("28th AGM") of Ann Joo Resources Berhad ("the Company") will be held on a **virtual basis** at the broadcast venue at Training Room, Ground Floor, Wisma Ann Joo, Lot 19391, Batu 8 ½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan on **Tuesday, 25 June 2024** at **10.30 a.m.** to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees for the period from 1 July 2024 to 30 June 2025. (Resolution 1)
3. To approve the payment of meeting attendance allowance to Directors for the period from the date of passing of this Ordinary Resolution to the next Annual General Meeting ("AGM") of the Company. (Resolution 2)
4. To re-elect the following Directors, who shall retire pursuant to Regulation 134 of the Company's Constitution and who being eligible, offer themselves for re-election:
 - (a) Dato' Lim Aun Chuan (Resolution 3)
 - (b) Dato' Chan Choy Lin (Resolution 4)
5. To re-appoint BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS:-

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

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 and 76 OF THE COMPANIES ACT 2016** (Resolution 6)

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), the Constitution of the Company and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue and allot shares in 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 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being or such higher percentage as Bursa Malaysia Securities Berhad ("Bursa Securities") allowed 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 Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.

THAT pursuant to Section 85 of the Act, to be read together with Regulation 17 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act, AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."

NOTICE OF **TWENTY EIGHTH ANNUAL GENERAL MEETING** (CONT'D)

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT subject to the provisions of Bursa Securities Main Market Listing Requirements, approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of Part A of the Circular to Shareholders dated 29 April 2024.

(Resolution 7)

PROVIDED ALWAYS that such transactions are:

- (i) necessary for the day-to-day operations;
- (ii) carried out on an arm's length basis in the ordinary course of business and on normal commercial terms which are not more favourable to the related party than those generally available to the public; and
- (iii) are not to the detriment of the minority shareholders.

("the Shareholders' Mandate")

AND THAT the Shareholders' Mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of passing of this Ordinary Resolution and will continue in force until:

- (a) the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (c) revoked or varied by a resolution passed by shareholders in a general meeting before the next AGM,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

"THAT subject always to the Act, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(Resolution 8)

- (i) the aggregate number of shares purchased does not exceed 10% of its total number of issued shares as quoted on Bursa Securities at the point of purchase;

NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING (CONT'D)

- (ii) an amount not exceeding the Company's retained profits be allocated for the purchase of its own shares (as at 31 December 2023, the amount of the retained profits account of the Company stood at RM645.48 million); and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or to transfer the shares for purposes of share rewards to employees or as purchase consideration.

AND THAT the authority conferred by this resolution will commence immediately and will, expire at the conclusion of the next AGM of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter in accordance with the Act, the requirements and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

- 9. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

By Order of the Board

LIM KAM CHOY (MIA 13106) (SSM PC NO. 201908002518)
WONG YOUN KIM (MAICSA 7018778) (SSM PC NO. 201908000410)
Company Secretaries

29 April 2024

NOTES:

- 1) *The Twenty Eighth Annual General Meeting ("28th AGM" or "the Meeting") will be held on a virtual basis via live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal platform at <https://sshb.net.my/>.*

Please follow the procedures set out in the Appendix A of the Administrative Guide for the 28th AGM to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via the RPV facilities.

- 2) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Regulation 96 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. **Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 28th AGM.***

NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING (CONT'D)

- 3) A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. A proxy need not be a member of the Company but shall be of full age. When a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

As guided by the Securities Commission's Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate and post all inquiries and questions to eservices@sshsb.com.my or submit your questions via real time submission by typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. The questions and/or remarks submitted by shareholders and/or proxies will be responded by the Chairman/Board/relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting via email.

- 4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 5) Appointment of proxy and registration for RPV

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Poll Administrator, SS E Solutions Sdn Bhd **no later than Sunday, 23 June 2024 at 10.30 a.m.** or any adjournment thereof:

In hardcopy form

Deposited to the office of the Poll Administrator at SS E Solutions Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

By electronic means

Alternatively, the instrument appointing of proxy may also be lodged electronically via Securities Services e-Portal ("SS e-Portal") at <https://sshsb.net.my/> or by fax to +603 2094 9940 or +603 2095 0292 or emailed to eservices@sshsb.com.my.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> before the registration cut-off date and time.

- 6) Depositors who appear in the Record of Depositors as at **12 June 2024** shall be regarded as Member of the Company entitled to attend the 28th AGM or appoint a proxy to attend and vote on his/her behalf.
- 7) Explanatory Notes:

(a) Ordinary Resolution 1

The Board is seeking the shareholders' approval for the payment of Directors' fees of RM100,000 per director for the financial period from 1 July 2024 to 30 June 2025.

(b) Ordinary Resolution 2

Section 230(1) of the Act requires the benefits payable to Directors of the Company to be approved at a general meeting. Shareholders' approval for the payment of meeting attendance allowance set out below is sought from the date of passing of this Ordinary Resolution until the next AGM of the Company. Details of the Directors' benefits for the financial year ended 31 December 2023 were disclosed in the Corporate Governance Report 2023:

NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING (CONT'D)

Meeting	Meeting Attendance Allowance	
	Chairman (RM)	Member (RM)
Board of Directors	2,000	2,000
Audit Committee	10,000	8,000
Nomination Committee	1,500	1,000
Remuneration Committee	1,500	1,000

(c) Ordinary Resolution 6

The proposed Ordinary Resolution will give power to the Directors to issue and allot up to maximum 10% of the total number of issued shares of the Company (excluding treasury shares) 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 AGM of the Company.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Regulation 17 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act, and Regulation 17 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Act, which will result in a dilution to their shareholding percentage in the Company.

The general mandate sought for the issuance of new shares is a renewal of the mandate that was approved by the shareholders at the 27th AGM on 19 June 2023. The Company did not utilise the mandate that was approved. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain its shareholders' approval to avoid incurring additional cost and time. The purpose of this general mandate is for possible fundraising 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.

(d) Ordinary Resolution 7

Please refer to Part A (Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature) of the Circular to Shareholders dated 29 April 2024 for further information.

(e) Ordinary Resolution 8

The proposed Ordinary Resolution 8, if passed, will empower the Directors to purchase the Company's shares up to 10% of its total number of issued shares of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to Part B (Statement in relation to the Proposed Renewal of Authority for Share Buy-Back) of the Circular to Shareholders dated 29 April 2024 for further information.

STATEMENT ACCOMPANYING **NOTICE OF ANNUAL GENERAL MEETING**

A statement relating to the general mandate for authority to issue shares is set out in the Explanatory Notes 7 (c) of the Notice of the 28th AGM on page 239 of this Annual Report.



安裕資源有限公司
ANN JOO RESOURCES BERHAD

Registration No.: 199501041948 (371152-U)
(Incorporated in Malaysia)

FORM OF PROXY

NO. OF ORDINARY SHARES HELD	
CDS ACCOUNT NO.	
SHAREHOLDER'S CONTACT NO.	
EMAIL ADDRESS	

I/We* _____
(Full Name of shareholder as per NRIC/Certificate of Incorporation in block letters)

NRIC No./ Passport No./ Company No.: _____

of _____
(Full Address)

being a member/members of **ANN JOO RESOURCES BERHAD** hereby appoint(s):-

Full Name of Proxy as per NRIC/Passport in block letters	NRIC/Passport No.	Proportion of Shareholdings (%)
Full Address		
Telephone no./Email Address		

*and/or failing him/her

Full Name of Proxy as per NRIC/Passport in block letters	NRIC/Passport No.	Proportion of Shareholdings (%)
Full Address		
Telephone no./Email Address		

or failing him/her, *the CHAIRMAN OF THE MEETING as *my/our proxy/proxies to attend and vote for *me/us on my/our behalf at the Twenty Eighth Annual General Meeting ("28th AGM" or "the Meeting") of the Company to be held on a **virtual basis** at the broadcast venue at Training Room, Ground Floor, Wisma Ann Joo, Lot 19391, Batu 8 ½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan on **Tuesday, 25 June 2024 at 10.30 a.m.** and at any adjournment thereof, and to vote as indicated below:

* Please delete as applicable

Resolutions	For	Against
1. To approve the payment of Directors' fees		
2. To approve the payment of Directors' meeting attendance allowance		
3. To re-elect Dato' Lim Aun Chuan as Director		
4. To re-elect Dato' Chan Choy Lin as Director		
5. To re-appoint BDO PLT as Auditors of the Company		
6. To authorise the allotment of shares pursuant to Sections 75 and 76 of the Act		
7. To renew the existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		
8. To renew the authority to enable the Company to purchase its own shares		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2024

Signature / Common Seal

NOTES:

- 1) The 28th AGM will be held on a **virtual basis via live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal platform at <https://sshsb.net.my/>.**

Please follow the procedures set out in the Administrative Guide for the 28th AGM to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via the RPV facilities.

- 2) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Regulation 96 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 28th AGM.

- 3) A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. A proxy need not be a member of the Company but shall be of full age. When a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

As guided by the Securities Commission's Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate and post all inquiries and questions to eservices@sshsb.com.my or submit your questions to eservices@sshsb.com.my or submit your questions via real time submission by typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. The questions and/or remarks submitted by shareholders and/or proxies will be responded by the Chairman/Board/relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting via email.

- 4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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AFFIX
STAMP

ANN JOO RESOURCES BERHAD

Registration No.: 199501041948 (371152-U)

c/o SS E Solutions Sdn Bhd

Level 7, Menara Milenium

Jalan Damanlela, Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

1st Fold Here

- 5) Appointment of proxy and registration for RPV

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Poll Administrator, SS E Solutions Sdn Bhd no later than Sunday, 23 June 2024 at 10.30 a.m. or any adjournment thereof:

In hardcopy form

Deposited to the office of the Poll Administrator at SS E Solutions Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

By electronic means

Alternatively, the instrument appointing of proxy may also be lodged electronically via Securities Services e-Portal ("SS e-Portal") at <https://sshsb.net.my/> or by fax to +603 2094 9940 or +603 2095 0292 or emailed to eservices@sshsb.com.my.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time.

- 6) Depositors who appear in the Record of Depositors as at **12 June 2024** shall be regarded as Members of the Company entitled to attend the 28th AGM or appoint a proxy to attend and vote on his/her behalf.



安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD

Registration No.: 199501041948 (371152-U)

Wisma Ann Joo, Lot 19391, Batu 8½, Jalan Klang Lama,
46000 Petaling Jaya, Selangor Darul Ehsan.

T: 603-7877 0028 F: 603-7876 5381 / 7875 9354

www.annjoo.com.my