

**ANN JOO RESOURCES BERHAD**  
Registration No. 199501041948 (371152-U)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED**

**AT THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF THE COMPANY**

**Date & Time** : Tuesday, 28 July 2020 at 10.30 a.m.  
**Venue** : Fully virtual basis at the broadcast venue at Training Room, Ground Floor of Wisma Ann Joo, Lot 19391, Batu 8 ½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan

Set forth below are the queries raised by shareholders and responses by the Group Managing Director:

<b>No.</b>	<b>Queries</b>	<b>Response</b>
1.	<ul style="list-style-type: none"><li>• Can Ann Joo Group's ("the Group") cost or metric tonne of steel competing against the import from China?</li><li>• What is the competitive edge as apart from being in Malaysia?</li></ul>	Ann Joo Group had moved aggressively to export to China as China has strong steel demand boosted by fast-track infrastructure investments.
2.	What is the Group's long term survival strategy as the supply will exceed the demand in the couple of years?	<p>Local domestic demand is still the Group's main target market as Malaysia is a developing country where substantial infrastructure spending is expected. As such, the Group will remain as one of the key domestic steel players in the next couple of years.</p> <p>In a short-term disparity, China would be the Group's key export market for the time being. This would enable the Group to become a regional player to compete with other regional steel mills from Russia and Middle East that are also exporting to China.</p>
3.	Will Ann Joo Group exit this business?	Exiting this business is not the strategy of the Group for the time being. The earlier corporate proposal to enter into the joint venture ("JV") with another steel player was to enable the Group to become the largest steel player in Malaysia by market capitalisation where Ann Joo was to take the lead.

No.	Queries	Response
		<p>However, due to market uncertainty caused by the COVID-19 pandemic, the proposed JV had to be called off, but the Group would not stop pursuing potential ventures in order to achieve our vision of being the leading long product player in Malaysia and potentially in Southeast Asia.</p>
4.	<p>Is there a future for Malaysia steel producers of upstream steel industry as there is no competitive edge at all?</p>	<p>The business strategies to turnaround the Group was presented in the presentation slides. In year 2015, many including bankers had similar thoughts that the local steel producers will not be able to thrive in the future. The Group had been looking into its operational cost reduction initiatives in order to stay relevant. When the market condition stabilises, the Management would continue to pursue the Group's vision, i.e. to be the leader in long product in Southeast Asia and thereafter, moving into the engineering grade steel manufacturing. As such, the Group will continue to explore other opportunities to achieve the Group's vision.</p>
5.	<ul style="list-style-type: none"> <li>•Wenan Steel Project will add another 10 million tonnes steel capacity if approval is given. What is Ann Joo's stand on this as this threat is far greater than Alliance?</li> <li>•What happens if China's price is lower than domestic?</li> </ul>	<p>Domestic steel industry associations submitted an industry white paper which included an opposition to Wenan Steel Project to MITI. Some local steel industry players as well as Wenan's Chief Operating Officer, participated in a meeting organised by the Sarawak State Government and MITI delegates to discuss this investment project. Positive comments from MITI were received and were awaiting their final decision.</p>
6.	<p>How has the Covid-19 pandemic and the Malaysia Government's enforcement of Movement Control Order impacted the Group in terms of operations and supply chain?</p>	<p>As mentioned earlier, the Group had shifted its focus to exporting steel products to China and approximately 110,000mt of steel products were concluded as of the end of July 2020.</p> <p>In view of the peak construction cycle in the coming months, the key focus for the time being is on the exports to China. This will remain until the demand from the local construction sector is revived.</p> <p>As far as the supply chain is concerned, the Management did not foresee any disruption in raw material supply other than an increase in iron ore price. However, coke price was expected to stay low, in line with the decline in coking coal price which is procured on coking coal index price-linked formula.</p>

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7.	Given the on-going Covid-19 pandemic and the trade war between USA & China, the outlook of the market remains uncertain. How has this impacted the Group's orders from its customers?	<p>The Chinese Government had announced its domestic pump priming to support the infrastructure development project, but the details have yet to be released. With this stimulus package and strong demand for construction steel amid the Yangtze river flood crisis in central China, it was given an indication and initiative that China will boost its infrastructure investment by increasing its imports of construction steel to meet its strong demand for construction steel in the near future.</p> <p>The China-US Trade War, to a certain extent, is expected to have an effect on the steel demand of certain types of steel products.</p>
8.	Any other potential Merger & Acquisition ("M&A")?	<p>The proposed JV was called off. The Group would need to be well prepared and ready before entering into any M&amp;A again. Based on the planning, the Group is staying focus on the following key areas till end of the year to ensure that the Group moves in the right direction for the next phase:</p> <ul style="list-style-type: none"> <li>• Domestic demand is expected to be better or remains status quo.</li> <li>• Channel exports to China is the Group's target as steel prices in China will continue to rise.</li> <li>• Continue to focus on cash flow management, inventory management, receivables collection and debt management by reducing borrowing below RM1 billion to keep the Group's financial position healthy and ready for the next wave.</li> <li>• Other focuses are stated in the presentation slides.</li> </ul>
9.	When will the Management going to request for new Perikatan Nasional to assist the Group as like China government had?	<p>The Group Managing Director, who is also the President of MISIF had attended several meetings called by MITI during the implementation of MCO. The Government is currently focusing on the countermeasures to curb the spread of COVID-19. A letter was sent to the senior officers of MITI and the Chief Secretary to the Government of Malaysia and was awaiting for their further discussion.</p>
10.	Will the Company paying any dividend in the current financial year?	<p>The external environment is challenging and the Management must ensure that the Company is able to thrive prior to the declaration of dividends.</p>

No.	Queries	Response
11.	<ul style="list-style-type: none"> <li>• Has the Company purchased any share buyback during the MCO?</li> <li>• How much was paid for the shares buy-back &amp; what's the purchased price?</li> </ul>	The Company did not purchase any own share during the MCO period.
12.	Will the Management take a pay cut during the MCO until ending of the pandemic?	The Group had conducted a three-month paycut of 4% to 30% for the three executive directors and senior personnel based on their salary range. The Management will review it from time to time in order to be in line with the market situation.

=====THE END=====