

ANCOM NYLEX BERHAD
196901000122 (8440-M)
(Incorporated in Malaysia)

MINUTES OF THE 55TH ANNUAL GENERAL MEETING (“AGM”) OF ANCOM NYLEX BERHAD (“ANB” OR “THE COMPANY”) CONDUCTED VIRTUALLY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT NO. 2A, JALAN 13/2, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA, ON TUESDAY, 29 OCTOBER 2024 AT 3.00 P.M.

Present at	:	Datuk Anuar Bin Ahmad – Chairman
Broadcast Venue	:	Dato’ Siew Ka Wei – Executive Vice Chairman
	:	Datuk Lee Cheun Wei – Managing Director/ Group Chief Executive Officer (“Group CEO”)
	:	Lim Chang Meng – Chief Financial Officer (“CFO”)
	:	Choo Se Eng – Company Secretary
Present via video conferencing	:	Tan Sri Dato’ Seri Abdull Hamid Bin Embong – Independent Non-Executive Director
	:	Datuk Dr. Abd Hapiz Bin Abdullah – Independent Non-Executive Director
	:	Maliki Kamal Bin Mohd Yasin – Independent Non-Executive Director
	:	Tan Sri Dato’ Sri Mohamad Fuzi Bin Harun – Independent Non-Executive Director
	:	Christina Foo – Independent Non-Executive Director
	:	Rejeesh A/L Balasubramaniam – Representative from BDO PLT, the External Auditors of the Company

The shareholders/corporate representatives/proxies who attended the 55th AGM remotely via the remote participation and voting (“RPV”) facilities are as stated in the Attendance List.

1. PRELIMINARY

The Chairman, Datuk Anuar Bin Ahmad, welcomed all shareholders, proxies and invitees present at the 55th AGM.

He then introduced the Board members, Group CEO, CFO, Company Secretary and the representative from BDO PLT (External Auditors) to the attendees.

2. NOTICE

The notice of the 55th AGM dated 30 September 2024 (“AGM Notice”), having been circulated to all the shareholders within the prescribed period, was taken as read.

3. QUORUM

The Chairman informed that the quorum for a virtual general meeting is determined by the number of shareholders/proxies/corporate representatives who log in at the commencement of the meeting. Pursuant to the Company’s Constitution, any two (2) shareholders/proxies/corporate representatives present at the general meeting shall constitute a quorum.

There being a quorum, the Chairman called the meeting to order.

4. **POLLING PROCEDURES AND ADMINISTRATIVE MATTERS**

The Chairman informed that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of general meeting must be voted by poll. The Company is also required to appoint at least one independent scrutineer to validate the votes cast at the general meeting.

The Chairman further informed that the Company had appointed Tricor Investor & Issuing House Services Sdn. Bhd., the Company's Share Registrar, as Poll Administrator to facilitate the poll voting process. The Company had also appointed Quantegic Services Sdn. Bhd. as Independent Scrutineer to verify the poll results.

The guide on the remote voting procedures and the manner to pose questions at the meeting through the RPV facilities were presented to the shareholders and proxies.

5. **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON ("AFS FY2024")**

The AFS FY2024 were tabled to the meeting for discussion.

The Chairman informed that the AFS FY2024 were meant for discussion only as the Companies Act 2016 does not require the audited financial statements to be approved by the shareholders. Hence, the AFS FY 2024 was not put forward for voting.

The Chairman further informed that the Board would address the questions raised by the shareholders or proxies during the Question-and-Answer ("Q&A") Session later, which would be carried out after all items on the agenda were dealt with.

Accordingly, the Chairman declared that the AFS FY2024 were properly laid and received by the shareholders in accordance with the Companies Act 2016.

6. **ORDINARY RESOLUTIONS 1 TO 9**

The Chairman then went through each of the motions that were included in the AGM Notice.

The Chairman informed that the Company had not received any notice from shareholders for other business to be transacted at the meeting in accordance with the Constitution of the Company and the Companies Act 2016.

7. **Q&A SESSION**

The meeting continued with the Q&A session. The Chairman informed that the Company had received some questions from the Minority Shareholders' Watch Group ("MSWG") via their letter dated 23 October 2024.

The Chairman then invited the Group CEO to present the Company's responses to the questions raised by MSWG. The summary of the presentation, which forms part of the minutes, is annexed herein as **Appendix A**.

The Group CEO and the Executive Vice Chairman then proceeded to address the questions posed by the shareholders as follows:-

- (Q1) Please explain how the following factors affect the Company's upcoming quarterly results:-**
- (a) Ringgit Malaysia Appreciation: Impact on operational costs and revenue;**
 - (b) Freight Costs: Current costs and influence on profitability;**
 - (c) Extreme Weather & Brazil Wildfire: Effects on revenue;**
 - (d) New Active Ingredient: Supplier responses and potential roll-out challenges for December 2024;**
 - (e) Market Demand: Changes in core product demand in Latin and North America; and**
 - (f) Other Factors: Any other external or internal factors to the Company.**

ANB's response:

- (a) As the Company is a net exporter, the appreciation of Ringgit Malaysia would lead to a loss in foreign exchange translation. Nevertheless, the Group is applying hedge accounting to alleviate the impact of foreign exchange risk. Generally, the fluctuations in foreign currency do not impact the Group significantly.
- (b) The freight cost peaked in July and August 2024 as a consequence of the trade war between the United States ("US") and China and also the tension in the Middle East region. The same would have some impact on the profitability of the Group for its unaudited financial results for the second financial quarter ended 30 November 2024.
- (c) The impact of the wildfire was not significant as the sugarcane farms operated by the Company's customers were not affected by the wildfire. In addition, the demand for sugarcane in Brazil had increased by 15%.
- (d) The Company sent samples of the new active ingredients to two clients in Brazil in June and July 2024 respectively, and the response was positive with some fine-tuning requirements. The potential roll-out challenge would be the speed of installation of the chemical intermediate in the plant in Malaysia, to meet the targeted commercialisation date by March 2025.
- (e) The sugarcane demand had driven a 15% increase in the order book, while the US market's order had also seen a 15% increase. Generally, the Company expects a steady volume growth for the upcoming financial year, depending on the challenges in the freight costs and geopolitical tensions.
- (f) The question has been addressed under (e).

- (Q2) Will 2025 be worse than 2024 due to new challenges?**

ANB's response:

As mentioned above, the Company has received good orders, with the challenges being the freight costs and geopolitical tensions. The Company remains optimistic and hope that the financial performance is better than the previous year.

- (Q3) When will the Company stop the share buy-back?**

ANB's response:

The Company undertakes share buy-backs when Management and the Board of Directors believe that the Company's share price is undervalued. The Company has a strong track record of share buy-backs, and the sale of treasury shares has

contributed additional gains to the Company. Furthermore, the treasury shares were also used to reward the shareholders through dividend in specie.

(Q4) Kindly distribute dividends to the shareholders.

ANB's response:

The Company had distributed the dividend in specie on the basis of 1 dividend share for every 100 shares held, and cash dividend of 1 sen per share, for the FY2024. The Company has also distributed the dividend in specie on the basis of 4 dividend shares for every 100 shares held, for the FY2025.

(Q5) Why does Ancom Nylex Berhad's share price remain undervalued, even though the Company's performance is good?

ANB's response:

The share price of the Company is determined by market sentiments. Share buy-back exercise will be undertaken by the Company when the Board believes that the Company's share price is undervalued.

(Q6) When can the Company's share price hit RM3?

ANB's response:

The share price of the Company is ultimately driven by market sentiments. The Board of Directors, together with Management of the Company, will continue to grow the Company and its business.

(Q7) Will the Company have a better financial outlook next year?

ANB's response:

The question has been addressed under Q2.

8. POLL VOTING SESSION

After dealing with all questions raised, the Chairman invited the shareholders and proxies to cast their votes.

Thereafter, the meeting was adjourned at 3.55 p.m. for the tabulation of the poll results.

9. ANNOUNCEMENT OF POLL RESULTS

The meeting resumed at 4.15 p.m. after obtaining the validated poll results from the Independent Scrutineer. The results of the poll were presented to the meeting and the Chairman declared all resolutions set out in the AGM Notice carried, as follows:-

Ordinary Resolution 1

Re-election of Director – Datuk Lee Cheun Wei

By a vote of 483,676,694 shares (representing 99.9704%) voted FOR and 142,972 shares (representing 0.0296%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT Datuk Lee Cheun Wei, who has retired pursuant to Clause 125 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 2

Re-election of Director – Ms Christina Foo

By a vote of 483,684,513 shares (representing 99.9721%) voted FOR and 135,153 shares (representing 0.0279%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT Ms Christina Foo, who has retired pursuant to Clause 125 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 3

Re-election of Director – Datuk Anuar Bin Ahmad

By a vote of 483,682,743 shares (representing 99.9717%) voted FOR and 136,923 shares (representing 0.0283%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT Datuk Anuar Bin Ahmad, who has retired pursuant to Clause 130 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 4

Payment of Directors' Fees to Non-Executive Directors for the financial year ending 31 May 2025, to be paid quarterly in arrears

By a vote of 483,605,384 shares (representing 99.9566%) voted FOR and 210,076 shares (representing 0.0434%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT the payment of Directors' fees to the Non-Executive Directors by the Company and by the Group of up to RM1,000,000 and RM1,300,000 respectively for the financial year ending 31 May 2025 to be paid quarterly in arrears, be and is hereby approved.

Ordinary Resolution 5

Payment of Directors' Benefits to Non-Executive Directors

By a vote of 483,558,620 shares (representing 99.9505%) voted FOR and 239,509 shares (representing 0.0495%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT the payment of Directors' benefits to the Non-Executive Directors of up to RM120,000 from the date of the 55th AGM until the next annual general meeting of the Company be and is hereby approved.

Ordinary Resolution 6

Re-appointment of Auditors

By a vote of 483,683,290 shares (representing 99.9717%) voted FOR and 136,926 shares (representing 0.0283%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT BDO PLT be hereby re-appointed as Auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company AND THAT the Directors be authorised to fix their remuneration.

Ordinary Resolution 7

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTS") of a Revenue or Trading Nature

By a vote of 352,520,694 shares (representing 99.9617%) voted FOR and 135,227 shares (representing 0.0383%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 30 September 2024, provided that such transactions are necessary for the Group's day-to-day operations and carried out in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred by such mandate shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the Company's shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents) as the Directors may consider expedient or necessary or in the best interest of the Company to give effect to this resolution.

Ordinary Resolution 8
Proposed Renewal of Shareholders' Mandate for Share Buy-Back

By a vote of 480,925,216 shares (representing 99.3879%) voted FOR and 2,962,070 shares (representing 0.6121%) voted AGAINST the resolution, it was **RESOLVED**:-

THAT subject to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such number of ordinary 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 best interest of the Company ("Share Buy-Back Mandate") provided that:

- (i) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to the Share Buy-Back Mandate does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (iii) the Directors of the Company may decide either to retain the ordinary shares so

purchased as treasury shares or cancel the ordinary shares so purchased or retain part of the ordinary shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the Company's shareholders in a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and all other applicable laws, guidelines, rules and regulations issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Share Buy-Back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company.

Ordinary Resolution 9
Proposed Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

By a vote of 475,668,167 shares (representing 98.3014%) voted FOR and 8,219,092 shares (representing 1.6986%) voted AGAINST the resolution, it was **RESOLVED:-**

THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised, to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company held after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever

is the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.

10. DOOR GIFTS

Dato' Siew Ka Wei announced that the Company has decided to provide door gifts to the registered shareholders who hold at least 1,000 shares and have attended the meeting personally or appointed proxies to attend the meeting and they remained present throughout the proceedings of the meeting. These eligibility criteria were outlined in the Administrative Guides to Shareholders, which was posted on the Company's website prior to the AGM.

11. CLOSURE OF MEETING

There being no further business, the meeting concluded at 4.20 p.m. with a vote of thanks to the Chair.

CONFIRMED AS A CORRECT RECORD

CHAIRMAN

Dated: 28 November 2024

ANCOM NYLEX BERHAD DETAILED ANSWERS

Questions raised by
Minority Shareholders Watch Group
55th Annual General Meeting

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q1

On 23 September 2024, Hamburg-based chemical marketing firm Helm AG emerged as a substantial shareholder of ANB with a total shareholding of about 13% in ANB- via a private placement exercise.

ANB said the development is set to benefit ANB with broader access to the European market. The Company plans to leverage Helm AG's market expertise and geographical reach to improve its financial performance.

In FY2023, ANB's revenue from the European market came in at only RM375,000, representing just 0.02% of its total revenue of RM2.04 billion respectively.

- a) What form of collaboration and synergy is set to take place between ANB and Helm AG? What is the total addressable market for ANB's products in Europe?
- b) Helm AG had purchased the 30 million treasury shares that ANB sold before the completion of the private placement.

What are the total proceeds received from the sale of treasury shares? How much is the profit/loss recorded compared to the cost of purchase?

Company's response

- Both Helm and ANB will be collaborating mostly in the marketing of ANB's existing products like MSMA where Helm has got strong presence in the Soybean market, and we will be looking at Helm's total product portfolio to evaluate opportunities in Asia where ANB has strong presence, notable example would be fertiliser product portfolio. We will also be looking at Helm's distribution network in Europe for our new AI.
- Total addressable market for Europe is not that big for ANB's existing product as the crops we focus more on Palm oil and Sugarcane.
- For industrial chemical opportunities and cross selling, we are still studying the synergies to be harnessed.
- The synergy to be derived would mostly be related to market based and operational efficiency, but the impact of the synergy will only be shown perhaps after 12 month and beyond.
- As the treasury shares sale was done via open market trade, not all 30million shares was transacted, only 29.03 million treasury shares was sold to Helm. Total proceeds received was approximately RM30.7 million, giving rise to RM3.9 million equity gain in the book.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q2

For the financial year under review, the Company charted good progress for its new active ingredient (AI) in its Agrichemicals business. Having obtained the Certificate of Completion and Compliance (CCC) for its new Agrichemicals production facility in Klang, the Company has begun production trials of the new active ingredient and delivered samples to its clients for their in-house quality checks and assessments (page 24 of AR 2024).

- a) What is the new AI about? How were the outcomes and feedback from clients on the quality and efficacy of the new active ingredient?
- b) When will the new active ingredient be ready for commercial production?
- c) Please describe the value chain of a new AI from conception, different phases of production, to commercialisation.
- d) Additionally, the development of another new AI is underway, with machine installation planned for early 2025 and production targeted in the second half of 2025. What is the unique proposition of the new AI compared to other existing products available?
- e) What are the market supply and demand dynamics for the two new AIs? Is the market highly competitive?

Company's response

- Our new Active Ingredients (“AI”) named Tebuthiuron will be used as pre-emergence herbicides targeting sugar cane plantations. Trial samples has been sent to customers in Brazil, now we are doing the production fine tuning of the intermediate, we expect to start selling the product in Q1 of 2025.
- The choosing of the AIs are driven mainly by customers worldwide, and usually it is to avoid or reduce over dependence on China as the key supplier. Once decided, Ancom Crop Care Sdn Bhd (“ACC”) has to do toxicology studies and GLP lab data analysis. Post lab data it will be registration with the pesticide board in respective country. The whole process usually takes 3 to 5 years depending on countries involved.
- Yes, development of another new AI is underway. ACC has completed the GLP lab data stage, now we are looking at setting up of the plants. This new AI is targeted more at cereals and rice market. It is Company's effort to diversify our product portfolio beyond palm oil and sugarcane.
- Each AI has its own mode of actions against weeds in the plantations. In managing crops, farmers use combination of many AI for crops protection. Our unique proposition is that we see ourselves as a competitive supplier and solution of crop protection products outside China, due to the geopolitical tension.
- The market dynamics are always competitive. The AI we venture into typically would only have only few manufacturers worldwide. This would help to minimize competition from other producers. However, we must still be mindful of the competing or alternative AIs that can provide similar solutions to the plantations.
- Clients would usually take few years to observe the quality of our new AIs and increase to revenue would be gradual.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q3

The Company hopes that the soybean plantation market can present a gradual growth opportunity to it in the next few years. Meanwhile, it has also secured a long-term supply contract for timber preservatives with a longstanding US customer in June 2024, which is expected to sustain order flow and contribute positively to the Agrichemicals division's performance (page 33 of AR 2024).

- a) What is the prospect of the soybean plantation market? Has the Group been able to seize any growth opportunity?
- b) What is the value and duration of the long-term supply contract for timber preservatives?

Company's response

Brazil has banned paraquat usage two (2) years ago. There is now a demand for replacement of paraquat in the country especially for its 45 million hectares of soybean plantation, which is the largest in the world.

This is an opportunity to the Group if our product gains acceptance in the soybean plantations. We are waiting for the label extension of soybean inclusion in Brazil, we expect to get it in mid June 2025.

We are working with our distributors in Brazil to introduce our products as one of the alternative for paraquat replacement. Nevertheless, we must be mindful that there will always be competing products for this market.

The supply contract with our US customer for timber preservative products is for an initial 3-year term from Jan 2024 until Dec 2026 and thereafter follow by annual renewal. The contracted annual volume ranges from 7,000MT to 10,000MT depending on market demand which translates to revenue of between USD8 million to USD11 million annually.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q4

The Industrial Chemical division is the largest revenue contributor to ANB with sales of RM1.29 billion in FY2024. The division encompasses two main business activities: manufacturing and distribution.

- a) Although the revenue of the Industrial Chemicals division in FY2024 was doubled that of the Agrichemicals Division, its PBT of RM14.5 million was almost seven times lower than RM103.4 million posted by the latter (pages 29 - 30, 151 AR2024).

Is the thin profit margin a norm among industrial chemicals producers and distributors in the industry? What is the revenue breakdown between manufacturing and distribution of chemical products? How does the Group improve the profitability of the division?

- b) ANB is one of the two key producers of ethanol in Malaysia. What is ANB's market share of ethanol in Malaysia?

Company's response

Yes, it is a norm to have very thin margin for the trading of industrial chemical products under the distribution division.

The Industrial Chemical Division revenue breakdown between its distribution and manufacturing business is RM1.16 billion and RM136.1 million respectively, which is 90% distribution and 10% manufacturing. Gross profit margins of the distribution business is highly dependent on the volatility of the commodity prices.

To improve profitability, we have rationalized the operating costs in the distribution division, such as reduction of chemical tanks rental and increase product turnover time for better efficiencies. We have also rationalized personnel expenses to match the business volume.

There are three (3) ethanol producers in Malaysia with a total installed capacity of 18 million litres annually. Malaysia requirements for ethanol is approximately 35 million litres annually. Our current annual capacity in Chuping plant is 5 million litres. At the moment our estimated market share among local manufacturer is about 40%.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q5

Bursa Securities had on 29 January 2024 suspended the trading of Nylex (Malaysia) Berhad’s shares with effect from 7 February 2024. Nylex has until 26 January 2025 to submit a regularisation plan to the relevant authorities based on the latest extension granted by Bursa Securities on 24 September 2024 (page 32 of AR 2024).

a. What is the status of the collaboration to propose to build and operate a Light Rail Transit system in Johor Bahru (“Proposed Johor LRT Project”)?

b. What is Plan B to salvage the listing status of Nylex if the said proposal is unable to materialise?

Company’s response

Nylex (Malaysia) Berhad (“Nylex”), representing the consortium and its members, is in discussions with various government ministries and agencies from the Federal Government regarding the Proposed Johor LRT Project.

As the project involves many authorities from both the federal government, as well as the states of Johor, the discussions is expected to take longer gestation period to conclude.

The Company will from time to time continue to update all stakeholders and shareholders on the progress of this project with our main investment banker, Maybank IB.

Plan B is that in the event Nylex is unable to secure the Johor LRT Project, the Board of Directors will work with its advisers Maybank IB to consider alternative options for the regularization exercise.

SUSTAINABILITY MATTERS

MSWG Question – Q1

ANB sets a target of reducing electricity intensity by 2 – 3% by FY2024-2025 (page 57 of AR2024).

What is the baseline number used to monitor the overall performance of energy management? How did the FY2024 numbers perform compared to the baseline?

Company's response

The base line number for electricity consumption for FY2024 for comparison would be 15.7mil kwh, and base line number for FY2023 was 14.1 million kWh.

The initial baseline for monitoring energy management performance was set in FY2022. However, for FY2024, the scope of our reporting has expanded from 7 to 25 operational companies, leading to an adjustment in the baseline to reflect the increased coverage.

We have started comparing electricity consumption against revenue (refer to page 54 of AR2024) and will continue to refine our data and improve operational efficiencies across the Group.

As per page 57 of the AR, the planned LED replacement efforts and inverter installation has both further progressed giving rise to lower kwh per thousand revenue. So far, the electricity intensity reduction of 3% is well on target.

SUSTAINABILITY MATTERS

MSWG Question – Q2

ANB broadened the scope of carbon emissions assessments to 25 operating companies from seven in FY2023 and FY2022.

- a) With wider coverage of operating subsidiaries, how many % of operations has the Group covered for the reporting of carbon emissions?
- b) In line with the Group's objective to reduce its carbon footprint, what is the targeted carbon emissions reduction (by percentage) compared to the baseline? What is the baseline figure for comparison? Please consider including the baseline emissions number for better comparison and assessment by shareholders in the future.
- c) Scope 3 emissions totaled 21,328.45 tCO₂e making up about 36% of ANB's total emissions in FY2024. 99.7% of the Scope 3 emissions were generated by the Logistics division on account of Category 13 (Leased Assets) (page 61 of AR2024). Why did the Group include leased assets in the Scope 3 emissions calculation? Based on which standard that the inclusion was incorporated?

Company's response

With the expanded scope of carbon emissions reporting, the Group has now covered 89.3% of its operational companies and we are on track to include the remaining few by the next reporting cycle. The remaining entities are non-operational companies with insignificant emissions impact.

For FY2024, the total emission baseline number including Scope 3 is 59,100 mt of CO₂e. The intention of reducing the CO₂e is via our proposed injection of Green Lagoon Technology Sdn Bhd into Ancom Logistics Berhad through the RTO exercise announced during the year.

The majority of the Company's Scope 3 emission came from the Nylex 1 bulk vessel owned by the Group which is on full charter to Petronas for methanol distribution, on the basis of definition of full third-party charter not within control, and having consulted with third party ESG consultant, it was proposed to be classified under Scope 3.

The proposed inclusion of leased assets in Scope 3 emissions reporting aligns with both the Global Reporting Initiative ("GRI") and the Task Force on Climate-related Financial Disclosures ("TCFD") standards.

The Group is still learning to define and improve the accuracy of the ESG numbers. With the new requirement to perform annual ESG audit in FY2025, disclosure accuracy will be further improved.

SUSTAINABILITY MATTERS

MSWG Question – Q2 (Con't)

ANB broadened the scope of carbon emissions assessments to 25 operating companies from seven in FY2023 and FY2022 (Con't)

- d) ANB expects the proposed acquisition of Green Lagoon Technology Sdn Bhd (GLTSB) by Ancom Logistics Berhad would lower the Group's carbon emissions significantly (page 59 of AR2024).

How significant will the reduction in carbon emissions be, considering the classification of ALB from a subsidiary to an associate company post-completion of a series of corporate exercises (page 31 of AR2024)?

Company's response

GLTSB is a company involved in the renewable energy business of operating biogas plants and also in EPCC works relating to biogas.

From the initial due diligence exercise, GLTSB is expected to capture 524,000 MT of CO₂e annually from all its biogas plants once they are fully operational by December 2025.

Not all CO₂e are attributable to GLTSB as some concessionaire are owned only partially by GLTSB, and some of it has been made eligible for carbon trading internationally.

After deducting those not attributable and not eligible, the net CO₂e absorbed by GLTSB amounts to approx. 260,000 MT.

Accordingly, attribution of ANB's 21% interest in GLTSB would be approximately 54,000 MT annually, which is sufficient to set off our annual CO₂e emissions under Scope One and Two categories of the GHG Protocol.

Therefore, the CO₂e reduction is considered very significant for ANB Group.

SUSTAINABILITY MATTERS

MSWG Question – Q3

In FY2024, ANB incurred a fine of RM200,000 related to environmental compliance issues. Since then, the Company has implemented robust counter measures to prevent such occurrences in the future. Measures taken include the installation of Industrial Effluent Treatment Systems (IETS) to ensure compliant discharge; and partnering with contractors licensed by the Department of Environment (DOE) for scheduled waste disposal (page 56 of AR 2024).

- a) What offence did the Company commit? To which business division that the fine was related?
- b) What are the root causes of the environmental compliance issues or what exactly was the reason? What are the lessons learned from environmental compliance issues?

Company's response

The fine was related to one of the industrial chemicals manufacturing business in the northern state of Perlis There were incidents of wastewater overflowing from the treatment pond during the flooding season.

Measures are being taken to ensure no overflowing of wastewater during flood in the future.

The subsidiary company has also installed new treatment system to improve on faster cycle time in wastewater treatment plant. The Company continues to explore other options of reducing the amount of waste generated during the production for the unit.

CORPORATE GOVERNANCE MATTERS

MSWG Question – Q1

ANB's Managing Director/Group CEO Datuk Lee Cheun Wei and independent non-executive directors (INED) Datuk Dr. Abd Hapiz Abdullah received other emoluments amounting to RM600,000 and RM650,500 respectively in FY2024 (page 108 of AR2024).

Compared to the year before, Datuk Lee and Datuk Dr. Abd Hapiz received zero and RM356,500 of other emoluments (page 87 of AR2023).

- a) What do the other emoluments comprise?
- b) Save for Datuk Dr. Abd Hapiz, the other INEDs did not receive other emoluments from the Group (page 87 of AR2023). Why is Datuk Dr. Abd Hapiz the only INED entitled to receive the other emoluments?
- c) Why was there a significant increase of 82.46% in other emoluments paid to Datuk Dr. Abd Hapiz in FY2024?
- d) **MSWG's comments:** Including the other emoluments, Datuk Dr. Abd Hapiz received a total remuneration of RM775,000 in FY2024 (FY2023:RM595,400), which was significantly higher than other INEDs with remuneration ranging between RM93,000 and RM210,200 (FY2023: RM72,500 and RM167,300) (page 108 of AR2024).

On top of this, Datuk Dr. Abd Hapiz is also the chairman of the Remuneration & Nomination Committee (RNC), which is tasked to recommend the remuneration structure for directors to the Board (page 104 of AR2024).

This raises concerns about potential conflict of interest (COI) or where one's objectivity or independence could be impaired, considering the substantial payout received (vis-a-vis other INEDs) and duties at RNC.

- e) Please explain the rationale of remunerating Datuk Lee with other emoluments of RM600,000 in FY2024.

Company's response

The other emoluments in Datuk Lee's case is the incentive payment in relation to performance of the Company. It's a classification made under other emolument section during the annual audit. The nature of the payment is slightly different from the definition and classification of the normal bonus.

Datuk Dr Hapiz's other emoluments relates to his fixed director fee and role as the non-executive chairman of Ancom Crop Care, a key subsidiary of the Group.

The increase of the amount is attributable to the increase in roles and responsibility as non-executive director across the Group during the year.

It is to be noted that Datuk Dr Hapiz's experience and knowledge for the agrichemical industry is instrumental in the growth journey of ANB's Agrichemical division. Agrichemical division made a profit before tax of RM103.4 million as per reported in the segmental reporting for the current year.

Datuk Hapiz's pass experience in Dow and Du Point, Petronas Chemical Group has served as guidance for the Group especially in the agri-chemical sector.

CORPORATE GOVERNANCE MATTERS

MSWG Question – Q2

Whistleblowing reports are directly channeled to the Group Chief Integrity Officer (CIO) and copied to the company secretary and chairman of the Audit Committee. Mr Phillip Karuppiah is the Group CIO and the Group Human Resources (HR) Director (pages 17 and 51 of AR2024).

How does the Group mitigate the risks of COI and self-reviewing if HR-related improper conduct or grievances arise? To enhance the impartiality and integrity of whistleblowing reporting procedures, will the Group consider appointing an independent party not involved in managerial matters as the primary receiving channel?

Company's response

As highlighted, the whistleblowing reports are channelled to three parties i.e. CIO, Company Secretary and the Chairman of the Audit Committee.

CIO is not the only channel of receiving the grievances nor the primary channel. The complaints can be channelled via Company's Secretary which is also a common avenue.

The Chairman of the Audit Committee is independent from the day-to-day management of the company affairs. Any whistleblowing reports received would be investigated by the Audit Committee. If Audit Committee finds that there is a conflict of interest situation, the committee has the power to appoint other parties to carry out the investigation.

CORPORATE GOVERNANCE MATTERS

MSWG Question – Q3

ANB has departed from Practice 5.9 of the Malaysian Code on Corporate Governance (MCCG) which encourages a board to comprise at least 30% women directors. As of FY2024, ANB's Board consists of eight members, including one female director, Christina Foo (INED), representing 12.5% of the Board.

Nevertheless, the Company has set a target to achieve at least two female representations within the next financial year (page 34 of Corporate Governance Report 2024).

- a) What is the strategy taken to achieve the target? Does the Board face any challenges/issues in sourcing for women directors?
- b) What benefits has the board experienced from the appointment of Ms. Christina Foo since 19 September 2022? How has the board's performance been impacted in relation to these benefits?

Company's response

The appointment of Christina Foo, who is a chartered accountant and experienced corporate director, has brought diversity in ideas, viewpoints, and problem-solving approaches in the Board's discussion and decision making.

In relation to question 3(a), we are likely to receive the nomination for appointment of another lady director to the Board soon with Helm's participation as substantial shareholder.

We will make relevant announcement upon receiving confirmation. If this takes place, the target of having two female director would be achieved way before the end of the financial year.