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## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of ASTEEL Group Berhad (formerly known as YKGI Holdings Berhad) recognises that a well-defined corporate governance structure is vital in enhancing corporate accountability, long-term sustainability as well as business growth in its overall management of the Group to safeguard and enhance shareholder value while taking into account the interest of other stakeholders. The Board is guided by the measures set out in Bursa Malaysia Securities Berhad's ("Bursa Securities"), Main Market Listing Requirements ("MMLR") and Malaysian Code on Corporate Governance 2021 ("MCCG") in developing its corporate governance structure. The governance processes are regularly reviewed and refined in accordance to the needs and circumstances of the Group.

The Board is pleased to report on the extent in which the governance principles and its processes are internalized within the group; and the role of the Board and its relationship with shareholders, investors, management as well as Committees during the financial year ended 31 December 2023 ("FY2023") and to the date of this Statement. The Board believes that the Company has complied substantially with the best practices of MCCG and the provisions in MMLR except where stated in this Statement. This statement is to be read together with the CG Report 2023 of the Company which is available at website of Bursa Malaysia at [https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement](https://www.bursamalaysia.com/market_information/announcements/company_announcement).

### PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

#### (i) Board of Directors

The Board is entrusted with the overall management, strategic direction, formulation of policies and overseeing the business of the Group. The Board has delegated the policies implementation to the Executive Deputy Chairman and Group Managing Director who also oversee the Group's operations, develop and implement business strategies. The Independent Directors fulfil a pivotal role in corporate accountability by providing independent views, advice and judgement to enable a balanced and unbiased decision-making process in safeguarding shareholders' interest.

#### (ii) Board Charter

Board Charter formalises and sets out the role and responsibilities of the Board and ensures Directors acting on behalf of the Company are aware of the various legislations and regulations affecting their conduct and that the principles and practices of good governance are applied in their dealings in respect of the Company. Board Charter comprises, among others, well defined terms of reference ("TOR") and various relevant internal processes. The Board Charter is reviewed from time to time to reflect changes to the Board's policies, procedures and processes as well as incorporate amendments on the relevant rules and regulations to ensure it remains consistent with the Board's objectives, current law and best practice.

#### (iii) Directors' Code of Ethics

The Board has formalised a Code of Ethics setting out the manner in which the Directors conduct themselves. It provides transparency, integrity and accountability as well as clear direction on conducting business, guidance on disclosure of interest, maintaining confidentiality and disclosure of information, good practices and internal control. The Code is reviewed from time to time to ensure best practices are incorporated.

#### (iv) Anti-Bribery and Anti-Corruption, Code of Conduct and Whistleblowing Policy & Procedure

The Board has a set of Whistle Blowing Policy & Procedures to provide a framework to promote and secure whistleblowing without fear of adverse consequences. Employees, shareholders and stakeholders may use the procedures set out in this Policy to report any matters of concern. As the Group reinforces its principle towards zero-tolerance approach to bribery and corruption in all its forms, proactive actions have been taken to strengthen the Group's internal processes and practices during the financial year to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt activities.

The Board Charter, Code of Ethics and Whistleblowing Policy & Procedure which include conflict of interests are embedded in the Board Charter and are available on the Company's website ([www.asteelgroup.com](http://www.asteelgroup.com)) for easy access by the shareholders and the public.

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The Board is mindful of its responsibility on the Environmental, Social and Governance (“ESG”) aspects of business sustainability. As such, the ESG aspects are considered by the Board in the review and approval of corporate strategies.

In addition, the Company has carried out various efforts addressing the ESG aspects of its business sustainability, which include capitalising on technology to promote environmental sustainability for its development projects, maintaining open and effective communication channels with its shareholders, and giving back to the community via its corporate social responsibility activities, details report on sustainability activities are provided under the heading of Corporate Social Responsibilities in this Annual Report.

**(vi) Role and Responsibilities of the Board**

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing, approving and monitoring of overall strategies and direction of the Company, including sustainability of the Group’s businesses;
- overseeing and evaluating the conduct and performance of the Group’s businesses;
- identifying and managing principal risks facing the Group and ensuring the implementation of appropriate systems to manage these risks;
- ensuring appropriate corporate disclosure policy and procedures are in place for effective dissemination of information which is comprehensive, accurate and timely, and leverage on information technology, where applicable;
- reviewing and monitoring the systems of risk management and internal control, continuous disclosure, legal and regulatory compliance and other significant corporate policies; and
- succession planning, including appointing, training, fixing the compensation of, and, where appropriate, replacing members of the Board and Senior Management.

**(vii) Access to information and advice**

To assist in the discharge of their responsibilities, Directors are entitled to full and unrestricted access, either as a full Board or in their individual capacity, to all information and reports on financial, operational, corporate regulatory, business development and audit matters for decisions to be made on an informed basis. To expedite the conduct of Board meetings, all Directors receive the meeting agenda accompanied with a set of Board papers prior to the meetings.

**(viii) Company Secretaries**

The Company is supported by two Company Secretaries. Both Company Secretaries are qualified Secretaries under Section 235(2)(a) of the Companies Act 2016.

The Company Secretaries support the Board to ensure its effective functioning, and in managing the corporate governance framework of the Group. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as compliances with company law, the MMLR, the Company’s Constitution, the MCGG, Board policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances, as and when necessary.

Both Company Secretaries attended the 2023 Annual General Meeting (“AGM”) and at least one (1) Company Secretary attends all Board and Board committee meetings during the FY2023. All deliberations at the AGM and all Board and Board committee meetings are formally minuted for the Board’s reference and for action plans to be communicated to the Management to work on and to report back to the Board on follow-up actions. The Board is also updated on the Directors’ Resolutions in Writing passed, Directors’ dealings pursuant to Chapter 14 of the MMLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Malaysia Berhad, at every scheduled Board meeting during the year. The Company Secretaries also update the Board on changes in the regulatory requirements.

The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and changes in the regulatory environment, through continuous training and industry updates.

They have also attended many relevant continuous professional development programmes. The Directors are satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.

**(ix) Board Composition and Diversity**

The Board currently comprises ten (10) members, with eight (8) Non-Executive Directors (including six (6) Independent Directors) and two (2) Executive Directors. The Directors, with their diverse backgrounds and qualifications in both the public and private sectors and academic backgrounds, provide a collective range of skills, expertise and experience in engineering, entrepreneurship, accounting and audit, taxation and government which is vital to effectively lead the Group. The profile of each Director is set out under the heading Directors' Profile in this Annual Report.

The existing Board complies with the MMLR which requires one-third of the Board to be independent. The Independent Non-Executive Directors have fulfilled the independence criteria set out in the Board Charter and MMLR. They are individuals with integrity and high caliber who always play important roles by exercising independent judgement, participate objectively in the Board's decision making process and acted in the best interest of the Group and ensure that the interests of minority shareholders are safeguarded. They bring with them independent views, advice and judgement on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities within which the Group conducts its business. Independent Directors are vital in protecting the interests of minority shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality and objectivity. The Non-Independent Non-Executive Directors have also contributed essential business know how and management experience relevant to the Group.

The structure, size and composition of the Board are reviewed annually to ensure that it has the appropriate mix of expertise and experience.

The gender, age, ethnicity and knowledge diversity of the Board is as follows.

	Gender		Age				Ethnicity			Industry Knowledge / Profession			
	Male	Female	40-49 years	50-59 years	60-69 years	70-75 years	Chinese	Others - Iban	Japanese	Metallurgy / Engineering	Management	Accounting & Finance	Legal
Mr Liew Jee Min @ Chong Jee Min	√				√		√						√
Tan Sri Soh Thian Lai	√				√		√			√	√		
Dato' Sri Victor Hii Lu Thian	√		√				√			√	√		
Mr Fong Yoo Kaw @ Fong Yee Kow	√					√	√				√	√	
Ms Yan Ying Chieh		√			√		√					√	
Datin Josephine Anak Hilary Dom @ Josephine John		√			√			√			√	√	
Ms Wong Siew Si		√			√		√					√	
Ms Khor Hun Nee		√	√				√					√	
Mr Christopher Hii Lu Ming	√		√				√			√			
Mr Koichiro Nakazawa	√		√						√		√		

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There is a clear division of role and responsibility between the Independent Chairman, the Executive Deputy Chairman and the Managing Director to ensure a balance of power and accountability for the Board to make well-considered decisions. The Chairman leads and ensures effective and comprehensive Board discussion on strategic issues, business planning, other matters brought to the Board and responsible for the Board's effectiveness and standard of conduct.

The Executive Deputy Chairman together with the Group Managing Director oversee the business operations and development of the Group as well as implementation of policies and ensures that strategies, policies and matters approved by the Board are effectively implemented. The Executive Deputy Chairman and Group Managing Director also provide overall oversight, guidance, advice between the Board of Directors and Management.

Currently, the Board consists of 40% female directors who participated actively in all deliberations. Female staff at Senior Management level comprises 38%. Both the Board and Senior Management's Gender diversity is more than our policy of 30%.

#### (x) Board Meetings and Directors' Training

The Board meets at least four (4) times annually, with the meetings scheduled well in advance at the beginning of each financial year to facilitate the Directors in managing their meeting plans. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

At the quarterly meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. Four (4) meetings were held during the FY2023 which were attended by all of the Directors.

Name of Director	Meetings attended	Percentage of attendance (%)
Mr Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman)	4/4	100%
Tan Sri Soh Thian Lai (Executive Deputy Chairman)	4/4	100%
Dato' Sri Victor Hii Lu Thian (Group Managing Director)	4/4	100%
Mr Fong Yoo Kaw @ Fong Yee Kow (Senior Independent Non-Executive Director)	4/4	100%
Ms Yan Ying Chieh (Independent Non-Executive Director)	4/4	100%
Datin Josephine Anak Hilary Dom @ Josephine John (Independent Non-Executive Director)	4/4	100%
Ms Wong Siew Si (Independent Non-Executive Director)	4/4	100%
Ms Khor Hun Nee (Independent Non-Executive Director)	4/4	100%
Mr Christopher Hii Lu Ming (Non-Independent Non-Executive Director)	4/4	100%
Mr Koichiro Nakazawa (Non-Independent Non-Executive Director)	2/2	100%

Group Director of Finance ("GDF"), Senior Advisor and Group Advisor were permanent invitees to Board meetings to present reports on matters relating to their areas of responsibility, and to provide insight into reports or recommendations submitted to the Board. The business discussed, considered, deliberated and approved by the Board in FY2023, *inter alia*, are operating highlights of the Group's business and performance; annual budget and mid-year review of plan and budget; quarterly and full year results; corporate proposals; significant disposal; and risk and controls environment including other risk management and governance initiatives.

The Board has also stipulated in its Board Charter, the need for Directors to notify the Chairman prior to accepting any new directorship and the notification includes an indication of time that will be spent on the new appointment, in order for the Chairman to assess if Directors are able to commit sufficient time to discharge their duties and responsibilities in the Company.

The Board is mindful that continuous education is vital for Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skill sets and knowledge in discharging its responsibilities. During FY2023, the Directors have also attended other relevant trainings and seminars organised by relevant regulatory and professional bodies to keep abreast of latest developments and changes to regulatory requirements.

The Nomination Committee identifies the training needs of each Director via the performance evaluation of the individual Directors. The continuous education programmes attended by the Directors during FY2023 were as follows:

Name of Directors	Name of Training Attended
Mr Liew Jee Min @ Chong Jee Min	<ul style="list-style-type: none"> <li>• Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers</li> <li>• Directors' Interest in Contracts and Conflict of Interests</li> </ul>
Tan Sri Soh Thian Lai	<ul style="list-style-type: none"> <li>• National Economic Forum 2023</li> <li>• National Human Capital Conference &amp; Exhibition</li> </ul>
Dato' Sri Victor Hii Lu Thian	<ul style="list-style-type: none"> <li>• MBA Master of Business Administration</li> <li>• 3rd edition National Economic Forum 2023</li> <li>• Program Dialog Perburuhan Bersama YB Menteri Sumber Manusia tahun 2023</li> <li>• 2023 World Green &amp; Sustainability Summit</li> <li>• APC TOP CEO Gathering - East Malaysia</li> </ul>
Mr Fong Yoo Kaw @ Fong Yee Kow	<ul style="list-style-type: none"> <li>• EY Technical Updates</li> <li>• EY Budget Seminar 2023</li> <li>• Introduction to ESG</li> <li>• Forum Hak Warga Emas kepada Hak Ekonomi, Sosial dan Kebudayaan</li> <li>• Advocacy Session for Directors and CEOs of Main Market Listed Issuers</li> </ul>
Ms Yan Ying Chieh	<ul style="list-style-type: none"> <li>• Phillip Capital Investment Conference</li> <li>• AFA Annual Conference</li> <li>• Islamic Estate Planning &amp; Financial Needs Analysis for Estate</li> </ul>
Datin Josephine Anak Hilary Dom @ Josephine John	<ul style="list-style-type: none"> <li>• The Mandatory Accreditation Programme (MAP)</li> <li>• Navigating The ESG Risk In Supply Chain</li> <li>• Enterprise Risk Management Training</li> <li>• Audit Committee Conference</li> <li>• National Tax Seminar 2023 ( Budget 2024)</li> </ul>
Ms Wong Siew Si	<ul style="list-style-type: none"> <li>• Contemporary issues in AMLA &amp; Anti-Terrorism Financing</li> <li>• Sustainability Series - (Re) Building the Board for Innovation</li> <li>• CGS China-Asean Business Leaders Summit</li> <li>• Chat GPT</li> <li>• ESG, Green banking &amp; wealth management</li> <li>• The 11th QED Changemaker Forum :Leading Corporate Sustainability from Ideas to Action</li> <li>• Select the right industry to invest in the right time</li> <li>• Identifying growth company</li> <li>• Beating business &amp; Stock Market Cycle</li> <li>• Geopolitics &amp; global issues influencing the Capital Market</li> <li>• Bursa Malaysia Enhanced Sustainability reporting requirements</li> <li>• Fundamentals of Corporate Finance</li> <li>• BNRC Dialogue &amp; Networking</li> <li>• BAC Dialogue &amp; Networking</li> <li>• What is ETF &amp; how to invest in ETF?</li> <li>• Advocacy Session for Directors</li> <li>• National Climate Governance Summit 2023</li> <li>• The Cooler Earth Sustainability Summit 2023</li> <li>• ESG IFRS S1 &amp; S2 &amp; Beyond Compliance</li> </ul>
Ms Khor Hun Nee	<ul style="list-style-type: none"> <li>• Anti-bribery &amp; Corruption Training 2023</li> <li>• Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act &amp; Personal Data Protection Act 2023</li> <li>• Code of Ethic and Rules of Professional Conduct 2023</li> <li>• Compliance &amp; Shariah Training 2023</li> <li>• EPF-MIS Guidelines Training 2023</li> <li>• Guidelines on Advertisement 2023</li> <li>• IT Security Awareness Training 2023</li> <li>• Integration of Corporate Social Due Diligence Directive (CSDDD)</li> </ul>
Mr Christopher Hii Lu Ming	<ul style="list-style-type: none"> <li>• Inflation and the Sectors to Benefit</li> <li>• F4GM Outlook - Can ESG Outperform in a Global Recession &amp; Inflation?</li> <li>• Decoding The Market: When and How to Buy Stocks</li> </ul>
Mr Koichiro Nakazawa	<ul style="list-style-type: none"> <li>• Malaysia's National Energy Transition Roadmap (NETR) Initiative</li> <li>• Evaluating Market Performance Over Multiple Business Cycles</li> <li>• Why choose Leveraged &amp; Inverse ETFs</li> </ul>

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The Company ensures that Directors are briefed by the Auditors, Company Secretaries and relevant professionals from time to time on changes to practices, guidelines, regulations and accounting standards as well as other relevant issues affecting the steel industry. Articles and reports relevant to the Company's businesses also circulated to Directors for information. The Company Secretaries circulate the relevant statutory and regulatory requirements from time to time for the Board's reference and brief the Board on the updates, where applicable.

**(xi) Board Committees and Meetings**

The Board has delegated specific responsibilities to Committees in order to assist the Board to efficiently discharge its responsibilities. The Board has established four Committees, namely Audit and Risk Committee, Nomination Committee, Remuneration Committee and Employee Share Option Scheme ("ESOS") Committee. The authorities and responsibilities of each Committee are set out in Board Charter and the Committees administer within the defined TOR. The Committees determine their own meeting agendas and frequency of meetings. The respective Chairman of the Committees would report salient issues to the Board for notation, decision or approval.

Senior Management of the Group and external advisers are invited to attend Board and/or Committee meetings to provide additional insights and professional views, advice and explanation on specific items on the meeting agenda, where necessary.

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

The composition of Committees is as follows:

**(a) Audit and Risk Committee**

The Audit and Risk Committee ("ARC") was established on 1 July 2019 with the merging of Audit Committee ("AC") which was formed on 25 April 1997 and Board Risk Committee ("RC"), formed on 10 May 2016. ARC comprises of three (3) members, all of whom are Independent Non-Executive Directors with accounting or related financial management expertise or experience. Audit and Risk Committee Chairman is Mr Fong Yoo Kaw @ Fong Yee Kow and the members are Mr Liew Jee Min @ Chong Jee Min and Ms Yan Ying Chieh.

ARC met four (4) times during FY2023. More information on the functions, duties and activities carried out by the ARC during FY2023 is set out under the heading Audit and Risk Committee Report.

Name of ARC Members	Meetings attended	Percentage of attendance (%)
Mr Fong Yoo Kaw @ Fong Yee Kow (Senior Independent Non-Executive Director / ARC Chairman)	4/4	100%
Mr Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman / Member)	4/4	100%
Ms Yan Ying Chieh (Independent Non-Executive Director / Member)	4/4	100%

**(b) Nomination Committee**

The Board established a Nomination Committee ("NC") on 13 March 2001 to consider candidates for directorship and Board Committee membership, and to review the effectiveness of the Board, through performance assessment of the Board, Board Committees and individual Directors.

The NC held two (2) meetings during FY2023.

Name of NC Members	Meetings attended	Percentage of attendance (%)
Ms Yan Ying Chieh (Independent Non-Executive Director / NC Chairman)	2/2	100%
Mr Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman / Member)	2/2	100%
Mr Fong Yoo Kaw @ Fong Yee Kow (Senior Independent Non-Executive Director / Member)	2/2	100%
Mr Christopher Hii Lu Ming (Non-Independent Non-Executive Director / Member)	2/2	100%



During FY2023, the NC carried out, and reported to the Board the outcome of the following key activities:

- performed an assessment on the Board, Board Committees and individual Directors for the FY2023 and reported the outcome to the Board;
- reviewed and recommended the re-appointment and/or re-election of Directors retiring pursuant to the Companies Act 2016 and the Company's Constitution, including the appointment of a new Director to the Board;
- reviewed the term of office and performance of an Audit and Risk Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference; and
- reviewed the training records provided by the Directors to the Company.

A formal performance assessment of the Board, Board Committees and individual Director enables the Board to assess their respective performance and identify areas for improvement. A formal assessment of the Board's effectiveness was conducted for the FY2023, and was guided by the Corporate Governance Guide - "Towards Boardroom Excellence", taking into consideration the following key aspects for assessment:

- appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees;
- clear definition of the Board and Board Committees' roles and responsibilities;
- functioning of the Board and Board Committees in a productive, objective, timely, effective and efficient manner;
- open communication of information and active participation within Board and Board Committees; and
- proper discharge of responsibilities and leadership by the Chairman of the Board and Board Committees.

In recommending the re-appointment or re-election of Directors, the Nomination Committee took into account the following:

- the required mix of skills, experience and diversity, including gender, age and ethnicity, where appropriate;
- character, knowledge, expertise, professionalism, integrity and time availability;
- the results of the assessment on individual Directors, including the Independent Directors, Executive Directors and the Managing Director/Chief Executive Officer, and
- in the case of Independent Directors, their abilities to discharge such responsibilities and functions as expected from Independent Directors.

Proposed appointment of member(s) to the Board to fill casual vacancy and proposed re-election or re-appointment of Directors seeking re-election or re-appointment at the Annual General Meeting are recommended by the Nomination Committee to the Board for approval or tabling at the Annual General Meeting for shareholders' approval, as the case may be.

The Company Secretaries are tasked to ensure that all appointments are properly made and that all necessary information is obtained from the Directors, for the Company's records and for the purposes of meeting statutory obligations as well as obligations arising from the MMLR.

**(c) Remuneration Committee**

To assist the Board on fair remuneration practices and attracting, retaining and motivating Directors, the Board established a Remuneration Committee ("RC") to review Directors' remuneration matters and make relevant recommendations to the Board.

The RC held one (1) meetings during FY2023.

<b>Name of RC Members</b>	<b>Meetings attended</b>	<b>Percentage of attendance (%)</b>
Mr Liew Jee Min @ Chong Jee Min <i>(Independent Non-Executive Chairman / RC Chairman)</i>	1/1	100%
Mr Fong Yoo Kaw @ Fong Yee Kow <i>(Senior Independent Non-Executive Director / Member)</i>	1/1	100%
Ms Yan Ying Chieh <i>(Independent Non-Executive Director / Member)</i>	1/1	100%

Directors do not participate in the discussion of their own remuneration.

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The detail of the remuneration of each individual director for the financial year ended 31 December 2023 is as follows:

Executive Director	Salary	EPF	Other Benefits	Total
Tan Sri Soh Thian Lai	684,000	112,640	60,000	856,640
Dato' Sri Victor Hii Lu Thian	714,000	132,480	159,930	1,006,410
<b>Total</b>	<b>1,398,000</b>	<b>245,120</b>	<b>219,930</b>	<b>1,863,050</b>

Non Executive Director	Fee	Other Allowances	Total
Mr Liew Jee Min @ Chong Jee Min	55,500	12,360	67,860
Mr Fong Yoo Kaw @ Fong Yee Kow	56,000	12,000	68,000
Ms Yan Ying Chieh	51,500	12,360	63,860
Datin Josephine Anak Hilary Dom @ Josephine John	41,250	5,000	46,250
Ms Wong Siew Si	41,250	5,360	46,610
Ms Khor Hun Nee	41,250	5,360	46,610
Mr Christopher Hii Lu Ming	31,000	3,500	34,500
Mr Koichiro Nakazawa	15,000	-	15,000
Mr Toshihiro Tachibana	15,000	-	15,000
<b>Total</b>	<b>347,750</b>	<b>55,940</b>	<b>403,690</b>

The Company has identified its top nine (9) Senior Management positions as follows:

- Executive Deputy Chairman
- Group Managing Director
- Executive Director - ASSB
- Executive Director - ADSB
- Executive Director - SSM
- Group Director of Finance
- Director of Commercial - ASTEEL Group
- Senior Executive Director - ASTAR
- Director of Management Support

The Company opts not to disclose the Senior Management's remuneration components (Salary, bonus, benefits-in-kind and other emoluments) as it is of the view that prior written consent from each Senior Management personnel has to be obtained as it involves the disclosure of their personal data to the public at large.

**(d) ESOS Committee**

ESOS Committee was formed on 8 November 2016, and it comprises of Tan Sri Soh Thian Lai (Chairman), Dato' Sri Victor Hii Lu Thian, Ms Yan Ying Chieh and Ms Aw Chiew Lan. ESOS Committee is responsible for implementing, regulating, allocating and administering the ESOS Scheme.

The shareholders of the Company had at an Extraordinary General Meeting ("EGM") held on 30 June 2016 approved the establishment of an ESOS Scheme of up to 15% of the prevailing issued share capital of the Company for the eligible employees (including Directors) of the Company and its subsidiaries who meet the criteria of eligibility for participation in the ESOS as set out in the By-Laws containing the Rules, Terms and Conditions of the ESOS as approved by the shareholders at the EGM held thereat.

The ESOS was extended for another five years to expire on 8 November 2026 vide the announcement made to Bursa Securities in accordance to By-Law 19.3 on 5 August 2021.

For the year ended 31 December 2023, no new offer was made and no option shares were exercised.



## PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### (i) Financial Reporting

It is the Board's commitment to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of each reporting period and financial year. This is primarily done through the quarterly announcement of the Group's results to Bursa Securities, the annual financial statements of the Group and the Company as well as the reports of the Board of Directors, the Executive Deputy Chairman and the Group Managing Director in their respective review of operations inserted in the Annual Report.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board has established the Audit and Risk Committee ("ARC"), comprises of three Independent Directors, with Mr Fong Yoo Kaw @ Fong Yee Kow as the ARC Chairman. The composition of ARC, including its roles and responsibilities, are set out in the ARC Report. One of the key responsibilities of ARC in its specific terms of reference is to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the FY2023, the Group has used appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company.

In assessing the independence of external auditors, the ARC obtained assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The board also put in place a Non-Assurance Services Pre-Approval Policy to cover the non-audit services provided by External Auditor to ensure that the engagement will not affect its independence.

The total amount of audit and non-audit fees incurred for services rendered to the Group for the FY2023 by the Company's external auditors, KPMG PLT, and a firm and company affiliated to KPMG PLT are set out below:

	Group RM	Company RM
Audit fees - Statutory Audit	250,000	35,000
Non-audit fees		
• KPMG PLT	6,000	6,000
• Local affiliate of KPMG PLT	37,850	6,700

### (ii) State of Internal Controls

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represent the key elements of the Group's risk management and internal control structure:

- i. an organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- ii. review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- iii. quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;
- iv. active participation and involvement by the Executive Deputy Chairman and the Group Managing Director in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and
- v. monthly financial reporting by subsidiaries to the Company.

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The Statement on Risk Management and Internal Control, which provides an overview of the state of internal control within the Group, is set out under the heading Statement on Risk Management and Internal Control in this Annual report.

In line with the MMLR and the MCCG, the Board has established an internal audit function, which reports directly to the ARC on the adequacy and effectiveness of the system of internal controls from the perspective of governance, risk and controls.

**PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****(i) Corporate Disclosure**

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, as of the date of this Statement, the Board has formalised pertinent corporate disclosure policies and procedures to govern its information disclosure practices.

The Company's corporate website at [www.asteelgroup.com](http://www.asteelgroup.com) serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Group's activities, financial results, major strategic developments and other matters affecting stakeholders' interests.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders, and the Company's Annual Report may be accessed.

**(ii) Shareholder Participation at General Meetings**

The Annual General Meeting ("AGM") of the Company serves as the principal forum that provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, audited Financial Statements, and corporate developments in the Group, the resolutions being proposed and concerns over the Group's businesses, to the Board for clarification. The Chairman as well as the Executive Deputy Chairman, Group Managing Director and the external auditors, if so required, respond to shareholders' questions during the meeting.

Last year, the Financial Statements and reports were circulated to the shareholders well before the AGM date in compliance of the MMLR and Companies Act 2016. All the resolutions set out in the Notice of the last AGM were put to vote by poll and duly passed. The outcome of the AGM was announced to Bursa Securities on the same day.

The Notice of forthcoming AGM together with the Financial Statements and reports will be circulated to shareholders in accordance to the requirements of the MMLR and Companies Act 2016.

The Company has adopted MMLR that any resolution set out in the notice of any general meetings is voted by poll and the appointment of an independent scrutineer to validate the votes cast at AGM held thereat. The Company will continue to adhere to this poll voting for any resolution to be moved at any general meetings and the appointment of independent scrutineer to validate the votes cast at the general meeting.

The Board maintains an open channel of communication with its shareholders, institutional investors and the investing public at large with the objective of providing a clear and complete picture of the Group's performance and position. The Company values feedback and dialogues with its investors and believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders.

The Company's 46th AGM held on 23 June 2023 was conducted entirely through live streaming from the Broadcast Venue. During the proceedings of the AGM, the Chairman conducted the meeting in accordance to agenda with interactive participation from the shareholders. The voting by poll was undertaken by the Company by way of online remote voting further underscored the recognition of the principle of one vote one share.

Shareholders and the public can also convey their concerns and queries directly to the Senior Independent Director, Mr Fong Yoo Kaw @ Fong Yee Kow at email address [whykayfong@gmail.com](mailto:whykayfong@gmail.com).

In addition to various announcements made during FY2023, the timely release of annual reports, circulars to shareholders, press releases and financial results on a quarterly basis provide shareholders and investors with an overview of the Group's performance and operations.

Such approaches allow shareholders and the investment communities to make more informed investment decisions based not only on past performance but also the future direction of the Company.

**(iii) MATERIAL CONTRACTS WITH SUBSTANTIAL SHAREHOLDERS**

The Company had obtained shareholders' approval in respect of renewal and new shareholders' mandate for recurrent related party transactions ("RRPT") of a revenue or trading nature at the AGM held on 23 June 2023. The Company has introduced proper processes and procedures to monitor, track and identify RRPT. ARC reviewed RRPT on a quarterly basis to ensure compliance with internal process and procedure as well as provisions of MMLR. As a procedure any Director who has interest in a transaction abstains from participation in the deliberation of the RRPT.

**(iv) BOARD CHANGES**

The following changes were made to the Board:

- (a) Mr Toshihiro Tachibana resigned as Non-Independent Non-Executive Director with effect from 26 June 2023;
- (b) Mr Koichiro Nakazawa ceased as Alternate Director to Mr Toshihiro Tachibana with effect from 26 June 2023;
- (c) Mr Koichiro Nakazawa was appointed as Non-Independent Non-Executive Director effective 26 June 2023;
- (d) Mr Satoru Kojima was appointed as Alternate Director to Mr Koichiro Nakazawa effective 26 June 2023;
- (e) Mr Fong Yee Kow retired as a Member of Remuneration Committee and Nomination Committee effective 1 January 2024;
- (f) Mr Chong Jee Min retired as a Member and Chairman of Remuneration Committee effective 1 January 2024;
- (g) Datin Josephine Anak Hilary Dom @ Josephine John was appointed as a Member of Audit and Risk Committee and Chairlady of Remuneration Committee effective 1 January 2024;
- (h) Ms Wong Siew Si was appointed as a Member of Nomination Committee effective 1 January 2024; and
- (i) Ms Khor Hun Nee was appointed as a Member of Remuneration Committee effective 1 January 2024.

This statement is issued in accordance with a resolution of the Board of Directors dated 29 April 2024.

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