

MALAYSIA STEEL WORKS (KL) BHD
Company No. 7878-V

MINUTES OF THE FORTY-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT DEWAN PERDANA, LEVEL 2, CONVENTION CENTRE, GRAND BLUEWAVE HOTEL SHAH ALAM, PERSIARAN PERBANDARAN, SEKSYEN 14, 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON THURSDAY, 15 JUNE 2017 AT 3.20 P.M.

PRESENT:

DIRECTORS

Dato' Ikhwan Salim bin Dato' Haji Sujak (Chairman)	-	Also proxy for William Capital Plt
Dato' Sri Tai Hean Leng @ Tek Hean Leng (Managing Director/Chief Executive Officer)	-	Also Corporate Representative for Kemajuan Rekacekap Sdn Bhd
Mr Ng Wah Lok		
Mr Lau Yoke Leong	-	Also Corporate Representative for TYT Resources Sdn Bhd
Encik Muhammad Hanizam bin Hj. Borhan		
Mr Roy Thean Chong Yew		
Mr Richard Ong Teng Chun		

IN ATTENDANCE

Ms Samantha Tai Yit Chan	-	Company Secretary
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The list of shareholders, proxies and invitees who attended the Meeting are set out in the Attendance Listing attached and shall form an integral part of these Minutes.

CHAIRMAN

Dato' Ikhwan Salim bin Dato' Haji Sujak, the Chairman, welcomed all members to the Forty-Fifth ("45th") Annual General Meeting ("AGM") of the Company. He then introduced his fellow Directors on the Board and the Company Secretary to all present.

QUORUM

With the requisite quorum being present in accordance with Article 57 of the Company's Constitution (Articles of Association), the Meeting was called to order at 3.20 p.m.

CHAIRMAN'S ADDRESS

The Chairman briefed the floor that Malaysia Steel Works (KL) Bhd ("Masteel") had went through many trials and tribulations but with the steadfast, unwavering support and confidence of shareholders, Masteel had successfully overcome every obstacle throughout the Company's 46 years of proud history.

The "Can do" Masteel spirit was again brought to the fore when the Company achieved a turnaround from a loss of RM50.4 million in the financial year ended ("FYE") 2015 to register a profit of RM21.4 million for FYE 2016. This came in the back of one of the worst recession in the steel sector that resulted in approximately 45% of the steel capacity in Malaysia to be closed down.

With the rationalization of global steel supply finally taking traction, this heralds a new age for the steel industry worldwide. The situation was further underscored by the World Bank's positive forecasts for the growth of emerging market and developing countries to be 4.1% in 2017 improving from 3.5% in 2016.

Nonetheless, Masteel were poised to benefit from the conducive business environment not only due to the Government's support in the form of Safeguards Import Duty for the next 3 years but organically Masteel had invested RM100 million to build the 3rd steel mill that was completed in 2016 which specializes in producing premium grades steel bars and thus was closing the gap between the Company and its larger peers.

On the corporate front, the Company had complied throughout the year with the good corporate governance practices based on the requirements and recommendations from the Malaysian Code on Corporate Governance to further enhance shareholders' value.

To this end, the Chairman extended his deepest appreciation to the valued and loyal shareholders and customers for the continued support.

NOTICE

With the consent of the members present, the Notice of the Meeting having been circulated within the prescribed period, was with the permission of the Meeting, taken as read.

PROXIES

As part of good governance, the Chairman reported that the Company has received a total of 271 proxy forms and corporate representative notification from the shareholders for a total of 97,871,095 ordinary shares, representing 40.23% of the total number of issued shares of the Company. The Chairman informed the shareholders that they are encouraged to participate, speak and vote at the Meeting.

POLL

In the interest of all shareholders, the Chairman demanded for a poll on all resolutions as set forth in the Agenda of the Meeting pursuant to Article 61 of the Company's Constitution (Articles of Association), to be in line with the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

The Chairman informed the members present that the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator to conduct the polling and Votesapp Sdn Bhd as independent scrutineer to verify the poll results, which appointment had been accepted by Tricor Investor & Issuing House Services Sdn Bhd and Votesapp Sdn Bhd respectively.

The Chairman also informed that the polling process would be conducted after the deliberation of all items on the Agenda.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Audited Financial Statements for the financial year ended 31 December 2016 ("AFS") together with the Directors' and the Auditors' Reports thereon which had been circulated to all shareholders within the prescribed period were laid at the Meeting for discussion.

The Chairman invited questions pertaining to the AFS of the Company from the floor.

In summary, the issues raised by the members/proxies were responded by the Board as follows:

- The frequency of plant's shut down for routine maintenance and the utilization rate, to which Dato' Sri Tai Hean Leng @ Tek Hean Leng ("Dato' Sri Tai") responded that for meltshop, there would be a major shut down for a duration of two weeks once a year whilst rolling mill would be shut down for a shorter period of 10 days due to lesser complexity of the equipment. Nonetheless, taking into consideration the unscheduled breakdown of approximately 4 to 5 days in a year, the overall utilization would be approximately 335 days. The plant's utilization rate currently was within the range of 72% to 75%.
- A concern was raised in relation to the internal audit activities for the financial year under review as the former external auditors had previously raised their issue on the trade debtors of the Company. A query was then addressed to the Audit Committee Chairman on the reason why the business process review on the purchase of scrap, selling price of steel bar and the capital expenditure of the plant was not covered as part of the internal audit activities. The Audit Committee Chairman replied that the Company had addressed the issues highlighted by the former external auditors whereby a Special Audit had been carried out on the matter as well as by the current

External Auditor. Hence, the Audit Committee was of view that extensive and sufficient audit works had been carried out to address the issues accordingly. He added that for instance the debtors aging was reviewed during the internal audit review. In addition, in the “Inventory” review also includes the review on scrap purchases.

- A request was made by the member on the Company’s procedure on fixing selling price of the bar, purchase price of scrap and awarding of steel plant capital expenditure and questions were raised whether the Company has a standard selling price based on market rate and if none, the maximum allowable discount between preference and non-preference customer. Dato’ Sri Tai replied that the international purchase price would be used as a reference for the Company’s purchase of scrap. He added that certain discount would be given to customers on a case to case basis. As for the awarding of steel plant capital expenditure, it would be awarded through tender process based on price, quality, qualifications, track record and technological expertise of the suppliers.

After addressing all the questions raised, the Chairman declared that the AFS of the Company for the financial year ended 31 December 2016 together with the Reports of the Directors and the Auditors thereon, to be duly received.

Thereafter, the Chairman went through each of the motions set out in the Notice of the Meeting.

After going through all the motions set out in the Notice of the Meeting, the Poll Administrator briefed the floor on the polling procedures and directed the shareholders and proxies to cast their votes via electronic means. The members and proxies present were then given time to cast their votes.

The Chairman informed that the outcome of the poll results would be announced after a short break as it would take some times for the Independent Scrutineer to validate the poll results. The Meeting was then adjourned for refreshment at 3.55 p.m.

The Meeting resumed at 4.45 p.m. and after obtaining the report from the Independent Scrutineer, the Chairman announced the results of the poll as follows.

Thereafter, the Chairman proceeded to Ordinary Resolution 1 of the Agenda.

2. ORDINARY RESOLUTION 1
- FINAL SINGLE TIER DIVIDEND OF ZERO POINT EIGHTY-FIVE SEN (0.85 SEN) PER ORDINARY SHARE

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 1	2,421,991	2.465	95,467,245	97.535

It was **RESOLVED:-**

“**THAT** the payment of final single tier dividend of 0.85 sen per ordinary share in respect of the financial year ended 31 December 2016 was not carried.”

**3. ORDINARY RESOLUTION 2
 - DIRECTORS’ FEES**

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 2	97,698,633	99.814	181,603	0.186

It was **RESOLVED:-**

“**THAT** the increase of Directors’ Fees to RM119,000.00 for the financial year ended 31 December 2016 be and is hereby approved for payment.”

**4. ORDINARY RESOLUTION 3
 - DIRECTORS’ FEES AND BENEFITS PAYABLE TO DIRECTORS**

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 3	97,769,197	99.887	111,039	0.113

It was **RESOLVED:-**

“**THAT** the Directors’ Fees up to an aggregate amount of RM119,000.00 for the financial year ending 31 December 2017 and benefits payable to Directors up to an aggregate amount of RM522,400 from 1 January 2017 until the next AGM of the Company, be and is hereby approved for payment.

**5. ORDINARY RESOLUTION 4
 - RE-ELECTION OF DATO’ IKHWAN SALIM BIN DATO’ HAJI SUJAK AS DIRECTOR**

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 4	97,767,964	99.885	112,272	0.115

It was **RESOLVED:-**

“**THAT** Dato’ Ikhwan Salim bin Dato’ Haji Sujak who retired pursuant to Article 79 of the Articles of Association of the Company, be and is hereby re-elected as Director of the Company.”

6. ORDINARY RESOLUTION 5
- RE-ELECTION OF ENCIK MUHAMMAD HANIZAM BIN HJ. BORHAN AS DIRECTOR

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 5	97,769,297	99.887	110,939	0.113

It was **RESOLVED:-**

“**THAT** Encik Muhammad Hanizam bin Hj. Borhan who retired pursuant to Article 79 of the Articles of Association of the Company, be and is hereby re-elected as Director of the Company.”

7. ORDINARY RESOLUTION 6
- RE-APPOINTMENT OF AUDITORS

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 6	97,770,197	99.888	110,039	0.112

It was **RESOLVED:-**

“**THAT** Messrs RSM Malaysia be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and that the Directors be authorised to fix their remuneration.”

The Chairman then invited questions in respect of the re-appointment of Auditors from the floor.

8. ORDINARY RESOLUTION 7
- AUTHORITY FOR MR NG WAH LOK TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 7	97,769,095	99.886	111,141	0.114

It was **RESOLVED**:-

“**THAT** authority be and is hereby given to Mr Ng Wah Lok who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance 2012.”

9. ORDINARY RESOLUTION 8
- AUTHORITY FOR ENCIK MUHAMMAD HANIZAM BIN HJ. BORHAN TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 8	97,770,195	99.888	110,041	0.112

It was **RESOLVED**:-

“**THAT** authority be and is hereby given to Encik Muhammad Hanizam bin Hj. Borhan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance 2012.”

10. ORDINARY RESOLUTION 9
- PROPOSED RENEWAL OF AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“THE ACT”) FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 9	97,769,630	99.887	110,606	0.113

It was **RESOLVED**:-

“**THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue, subject to the Articles of Association of the Company and approval of all the relevant regulatory bodies being obtained for such allotment and issue.”

11. ORDINARY RESOLUTION 10**- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE”)**

	Votes in Favour		Votes Against	
	Number of Votes	%	Number of Votes	%
Ordinary Resolution 10	97,718,297	99.887	110,606	0.113

It was **RESOLVED:-**

“**THAT** subject to the Act, the Company’s Constitution (Memorandum and Articles of Association), the MMLR and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits of the Company as at 31 December 2016 of RM352.2 million to purchase such amount of ordinary shares in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

THAT an amount not exceeding the Company’s retained profits account be allocated by the Company for the Proposed Share Buy-Back;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either cancel and/or retain the shares so purchased as treasury shares in accordance with Section 127 of the Act.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:

- (i) the conclusion of the next AGM of the Company (being the Forty-Sixth AGM of the Company), at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the Forty-Sixth AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and 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 Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

CONCLUSION

The Chairman on behalf of his fellow board members extended his appreciation to the stakeholders, in particular all shareholders and business partners for their continued support. There being no other business to be transacted, the Meeting concluded at 4.50 p.m.