

MALAYSIA STEEL WORKS (KL) BHD
(“Masteel” or the “Company”)
Registration No. 197101000213 (7878-V)

SUMMARY KEY MATTERS DISCUSSED AT THE FORTY-EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BROADCAST VENUE AT MASTEEL MEETING ROOM, UNIT B-05-3A, 5TH FLOOR, BLOCK B (WEST WING), PJ8 OFFICE SUITE, NO. 23, JALAN BARAT, SEKSYEN 8, 46050 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON THURSDAY, 16 JULY 2020 AT 2.00 P.M.

1. CHAIRMAN

Dato’ Ikhwan Salim bin Dato’ Haji Sujak, the Chairman, welcomed all members to the Forty-Eighth (“**48th**”) Annual General Meeting (“**AGM**” or “**the Meeting**”) of the Company, being the first AGM of the Company conducted through live streaming and online remote participation by using remote participation and voting facilities which is in compliance with Section 327 of the Companies Act 2016 (“**the Act**”) and Clause 64 of the Constitution of the Company to support the Government’s guidelines of not having mass gatherings to combat the spread of coronavirus outbreak (“**Covid-19**”).

He then introduced his fellow Directors on the Board and the Company Secretary to all present.

2. QUORUM

With the requisite quorum being present in accordance with Clause 74 of the Company’s Constitution, the Meeting was called to order at 2.00 p.m.

3. CHAIRMAN’S ADDRESS

The Chairman extended his well wishes to the attendees present virtually.

He briefed the Meeting that domestically there has been minimal import of steel bars from China into Malaysia. In addition, a successful discourse with the Ministry of International Trade and Industry (“**MITI**”) had led to the imposition of provisional anti-dumping duties of up to 20.09% on rebars from specific steel mills from Singapore and Turkey on 23 September 2019. However, the operations of a foreign owned steel mill in Kuantan continues to contribute towards the surplus of steel bars domestically.

Last year the resumption of mega infrastructure projects in Malaysia remained slower than expected, thus restraining the growth of the demand for the company’s products. To alleviate the ongoing softness in local demand for steel bars, the Company had exported its steel products to neighbouring regions in South East Asia and Oceania.

For the year under review, the Company’s revenue declined from RM1.5 Billion in year 2018 to RM1.2 Billion in year 2019 due to the subdued domestic demand for steel bars coupled with lower selling prices.

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In congruence with the decline in revenue, the Company recorded a Gross Profit (“GP”) of RM52.8 million in year 2019 as compared to RM86.1 million recorded in 2018 and a Loss Before Tax (“LBT”) of RM22.2 million in year 2019 as compared to a Profit Before Tax (“PBT”) of RM2.7 million in year 2018.

However, despite these challenges, the Company’s foresight to invest in its new steel melting technologies commencing in late year 2017 had begun to bear fruit as evidenced by the consecutive profitable financial performance in the second half of year 2019 against a challenging economic backdrop.

A review of the Company’s quarterly financial performance demonstrates that the Company was able to turn around to record a greater GP margin of RM23.5 million and RM23.4 million for Q3 2019 and Q4 2019 respectively, as a consequence of the successful commissioning and increased proficiency of operation of the Company’s new steel making equipment which employs more cost-efficient steel melting technology. The new steel melting technologies had allowed the Company to be on track for a profitable turnaround.

The Company has not been spared by the economic effects of the Covid -19. As construction sites stopped their operations for many months, the demand for the Company's steel products have inevitably contracted.

However going forward, the business environment continues to improve spurred on by the high prices of steel in China which accords the Company a new export markets for its products.

The Company has built up its competitiveness through the commissioning of its new steel making equipment. Hence, it is confident that it would be able to recover from the effects of the pandemic. The Company has been vindicated by the encouraging and tangible results produced by the new facilities and will continue to invest to expand its capabilities in its ongoing pursuit to stay ahead of the curve.

The Company is confident that it is at the cusp of reaping the financial rewards in the impending recovery cycle to emerge more profitable, sustainable and dominant.

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

4. 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.

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5. SUMMARY OF PROXIES RECEIVED

As part of good governance, the Chairman reported that the Company has received a total of 12 proxy forms from the shareholders for a total of 18,820,133 ordinary shares, representing 4.18% of the total number of issued shares of the Company.

The Chairman then invited the shareholders and proxies to raise and transmit their questions (if any) via the text box function, which can be submitted at any time throughout the Meeting until the announcement on closure of the Q&A session.

6. POLL

In the interest of all shareholders, the Chairman demanded for a poll on all resolutions as set forth in the Agenda of the 48th AGM pursuant to the Company's Constitution, to be in line with the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Chairman informed the members present that the Company has appointed Securities Services (Holdings) Sdn Bhd as the Poll Administrator to conduct the electronic polling process and Commercial Quest Sdn Bhd as Independent Scrutineer to verify the polling procedure and poll results. The results of the poll voting will be announced after the Independent Scrutineer has verified the poll results upon closure of the voting session.

Shareholders and proxies were informed that the voting on the resolutions could be done any time throughout the Meeting until the closure of the voting session. The process of voting was shared by the Poll Administrator vide tutorial powerpoint. The Chairman then proceeded with the business of the Meeting.

7. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Audited Financial Statements for the financial year ended 31 December 2019 ("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 as the provision of Section 340(1)(a) of the Act does not require a formal approval from the shareholders.

The Chairman succinctly addressed the questions received from the members via the query box, details are set out as below:-

- (i) Mr Stephen Lye Tuck Meng enquired on whether the Company had reduced its staff salary or carried out retrenchment in view that the revenue of the Company was impacted by the Movement Control Order ("MCO") following the Covid-19, to which the Managing Director/Chief Executive Officer ("MD/CEO") replied in the negative. During the MCO period when the Company's operations were suspended for a period of six (6) weeks, the Company took the opportunity to carry

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out maintenance of all its equipments and its related parts. As the operations had resumed and businesses and industries had re-opened in early May 2020, it is not necessary to carry out staff retrenchment.

- (ii) Mr Lee Mun Hoe enquired on the actions taken to improve the Company's financial performance, whether there is any turnaround plan in the pipeline, and if its Directors would be willing to invest their own personal capital to support and expand the business. The MD/CEO commented that the Company has plans to install new equipment to reduce costs and improve production efficiency of its operations. The first new steel-making equipment was installed in 2018, whilst the second new steel-making equipment was installed in 2019. Currently, 70% of the steel products were produced using the new equipments which has lowered the production cost substantially, resulting in stronger earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) margin in the third and fourth quarters during year 2019. The installation of the third final module of the steel-making equipment would be completed by early 2021, and moving forward all future productions would be carried out using the new equipments. He commented that the Net Loss of the Company of RM8.326 million recorded for the financial year ended 31 December 2019 was relatively low compared to their competitors in the similar industry. With global markets expected to fully rebound by next year, the Company is well equipped to meet the demands of the market and is forecasted to record a good turnaround. The Company will continue to harness its technological prowess to deliver better performance during these exacting periods.
- (iii) Mr Lau Ati @ Lau Chuan Teng enquired on the impact of Covid-19 on total revenue and operating profit of the Company, to which the CEO/MD replied that for the first quarter ended 31 March 2020, the Company recorded an increase in revenue and higher operating profit as compared to the last quarter ended 31 December 2019. Meantime, the figures for the second quarter ended 30 June 2020 will be made available upon announcement of the quarterly financial results in due course.
- (iv) Ms Goh Pek Hong, Ms Lum Peck Wan, Mr Lim Leng Yaw, Mr Chang Hoy Ching, Ms Kong Fon Yeen, Mr Teh Peng Tin, Ms Leong Fook Sen @ Francis Leong, Ms Lau Yong En, Ms Chan Ah Moi, Mr Lau Ting En and Mr Stephen Lye Tuck Meng raised a query on the distribution of e-vouchers to the participants of the Meeting, to which the Chairman responded that no e-voucher will be distributed for the attendance of the Meeting in view of the current financial position of the Company impacted by the Covid-19. The Company intends to reserve its funds to sustain business operations and to that end, the Chairman informed that no salary increment for the year 2020 nor bonus for the year 2019 had been given to the Executive Directors of the Company in view of the challenging market condition that has decreased the Company's annual revenue. The Chairman sought the understanding and appreciation from its shareholders on this decision.

After addressing the questions above, the Chairman declared that the AFS of the Company for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon, to be duly received.

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8. VOTING RESULTS

All the following resolutions tabled at the 48th AGM of the Company were duly passed by the shareholders of the Company:-

Ordinary Business

Resolution	Business
Ordinary Resolution 1	Approval of the Directors' fees up to an aggregate amount of RM159,600 for the financial year ending 31 December 2020 and benefits payable to the Directors up to an aggregate amount of RM384,470 for the period from 16 July 2020 until the next AGM of the Company and the payment thereof.
Ordinary Resolution 2	Re-election of Dato' Ikhwan Salim Bin Dato' Haji Sujak who is retiring pursuant to Clause 96 of the Company's Constitution.
Ordinary Resolution 3	Re-election of Encik Muhammad Hanizam Bin Hj. Borhan who is retiring pursuant to Clause 96 of the Company's Constitution.
Ordinary Resolution 4	Re-election of Mr Lau Yoke Leong who is retiring pursuant to Clause 96 of the Company's Constitution.
Ordinary Resolution 5	Re-appointment of Messrs RSM Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

Resolution	Business
Ordinary Resolution 6	Authority for Mr Ng Wah Lok to continue in office as Senior Independent Non-Executive Director.
Ordinary Resolution 7	Authority for Encik Muhammad Hanizam Bin Hj. Borhan to continue in office as Independent Non-Executive Director.
Ordinary Resolution 8	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.
Ordinary Resolution 9	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares.

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The Chairman declared that all the resolutions as set forth in the Notice of the 48th AGM were duly carried.

9. CLOSURE

There being no other business to be transacted, the Meeting terminated at 3.00 p.m. with a vote of thanks extended to the Chairman of the Meeting.

*****[End]*****