

CSC STEEL HOLDINGS BERHAD

Registration No. 200401001854 (640357-X)
(Incorporated in Malaysia)

Minutes of the Sixteenth Annual General Meeting of the Company held at Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka on Wednesday, 24 June 2020, at 10:00 a.m.

1. **TO RECEIVE THE DIRECTORS' REPORT, AUDITED FINANCIAL STATEMENTS AND THE AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Directors' Report, Audited Financial Statements and the Auditors' Report of the Company and of the Group for the financial year ended 31 December 2019 having been circulated to all the members of the Company within the statutory period, were tabled for discussion.

As shareholders' approval were not required pursuant to Section 340(1)(a) of the Companies Act, 2016, the Chairman then opened to the floor for questions on its audited financial statement for the year ended 31 December 2019. There were no questions raised from the floor.

In view that there being no questions from the floor, the Chairman declared that the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2019 has been properly laid and duly received by the members.

2. **TO APPROVE A FINAL SINGLE TIER DIVIDEND OF 6.6 SEN PER SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Board had recommended a final single tier dividend of 6.6 sen per share for the financial year ended 31 December 2019 in line with the Group's dividend policy of paying at least 50% of the Group's profit after tax.

The Chairman informed that the payment of the final single tier dividend for financial year ended 31 December 2019 would be made on 10 July 2020 to its members whose names appear on the Record of Depositors of the Company as at the close of business on 26 June 2020.

There being no queries, the poll voting on the payment of final single tier dividend of 6.6 sen per share were deferred to the end of the meeting.

3. **TO APPROVE THE PAYMENT OF DIRECTORS' FEES FOR AN AMOUNT NOT EXCEEDING RM139,800 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020**

An amount not exceeding RM139,800 had been recommended by the Board for payment as Directors' fees for the financial year ending 31 December 2020.

There being no queries, the poll voting on the payment of Directors' fees for the financial year ending 31 December 2020 be deferred to the end of the meeting.

4. **RE-ELECTION OF DIRECTORS**

The following Directors of the Company were due for retirement at this meeting and they, being eligible, had respectively offered themselves for re-election:-

4.1 **Re-Election of Mr. Phong Hon Wai**

There being no questions from the floor, the poll voting on re-election of Mr. Phong Hon Wai as Director of the Company be deferred to the end of the meeting.

As the Chairman of the Meeting, himself, was standing for re-election, he had passed the Chair to Senior Independent Non-Executive Director, Mr. HW Phong, to conduct the proceeding of the subject matter.

4.2 **Re-Election of Mr. Yin, Shou-Kang**

There being no questions from the floor, Mr. HW Phong informed the meeting that the poll voting on the re-election of Mr. Yin, Shou-Kang as Director of the Company be deferred to the end of the meeting.

He then passed back the Chair to Mr. SK Yin.

4.3 **Re-Election of Mr. Liu, Min-Hsiung**

There being no questions from the floor, the poll voting on re-election of Mr. Liu, Min-Hsiung as Director of the Company be deferred to the end of the meeting.

5. **TO RE-APPOINT OF MESSRS. DELOITTE PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020**

The members were informed that Messrs. Deloitte PLT had indicated their willingness to continue in office.

As there were no queries, the poll voting on the re-appointment of Messrs. Deloitte PLT would be deferred to the end of the meeting.

6. **TO APPROVE THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The meeting was informed that Ordinary Resolution 7 was for the shareholders to consider and approve the renewal of the shareholders' mandate for RRPTs, details of which were found in the Circular to Shareholders dated 27 May 2020, a copy of which had been mailed to all members.

There being no queries, the Chairman informed that Ordinary Resolution 7 be duly taken as read by the members and the poll voting on the subject proposal be deferred to the end of the meeting.

As there were no other resolutions to be considered, the representative of Tricor Investor & Issuing House Services Sdn. Bhd. briefed the shareholders on the poll voting procedures. The Chairman declared that the Meeting would be adjourned to facilitate the Poll Administrator and the Scrutineer to count and tabulate the poll results respectively.

7. **PRESENTATION BY THE BOARD**

While waiting for the poll results, Chairman presented the financial performance and business operations of the Group for the financial year ended 31 December 2019 as well as the outlook of its steel business for 2020 to the floor.

The Group had achieved slightly lower revenue of RM1.36 billion for FY 2019 compared to RM1.38 billion recorded for FY2018 despite an increase in sales volume, mainly due to the decrease in key products' average selling price. However, the Group had registered a higher profit before tax of RM43.4 million compared to RM26.3 million achieved in Financial Year 2018 due to the increase in sales volume by 6.8% and recovery in margin as a result of better sales and improved operational efficiency.

The Group's financial position as at 31 December 2019 had increased slightly. Net tangible assets for FY2019 were RM2.23 per share compared to previous FY2018, which was at RM2.18 per share. Total equity stood at RM825 million while current ratio stood at 11.58 times. Cash and cash equivalent was RM249 million.

In order to ensure the Group's production capability is in good shape, the Group would always evaluate and upgrade the performance of its machineries and equipment periodically as to identify the needs for revamping of its machineries. CSCM had spent about RM9 million in capital expenditure and revamping of the Tension Leveling Line & Continuous Galvanizing Line project.

Its associated company, Hanwa Steel Centre (M) Sdn. Bhd. ("Hanwa") had continued to suffer losses during the year under review and the new major shareholder of Hanwa had undertaken a feasibility study on improving its performance, which was expected to take time to be back on track.

The Group had on 22 April 2020 entered into a Share Transfer Agreement with CSGT International Corporation for the disposal of its 6% shareholdings in CSGT Metals Vietnam Joint Stock Company. The Group had tried to increase its sales to Vietnam steel market over the years but not able to secure a commanding market share in Vietnam due to the stiff competition from Vietnam's local manufacturers and imported steel products after the implementation of several free trade agreements. As such, the disposal of shares in CSGT Metals Vietnam Joint Stock Company would enable the Group to re-align their limited resources for improving their core business.

The recent COVID-19 outbreak and the volatility of the US-China trade war had sparked more uncertainty and instability to the global economy, and the steel market was expected to remain challenging in year 2020.

The Malaysia Government had announced several stimulus packages amounting to RM 260 billion to help the people as well as small and medium enterprises to survive through the badly hit economy. On top of that, the Government also highlighted that all mega projects announced earlier would be rolled out as scheduled and hopefully the implementation of these projects could be materialised by second half of year 2020 after the settlement of political upheaval in Malaysia since end of February 2020, which had also sparked uncertainty to various government's policies, including the steel policy.

As for the international steel market, the overproduction concern remains, coupled with other global issues, it is a daunting task for the world economy to achieve the projected growth in 2020, which might lead to a slowdown for the demand of various industries, including steel related industries. As such, stricter inventory control will have to be taken to cushion the impact of volatility of supply chain. On the other hand, the Group would move forward with aggressive attitude by producing higher value added steel products, providing higher service and support to its customers, higher competitiveness and flexibility of their production. In view of all these unavoidable

obstacles, the Group will closely observe the market situation and adjust its business strategy accordingly in order to maintain a balance in production and sales for better profit margin.

The Group are cautiously optimistic that the measures carried out by the Group could minimise the impact to the performance of the Group due to recent global issues and the slowdown of economic growth, especially the aftermath of Covid-19.

8. **ANNOUNCEMENT OF POLL RESULTS**

After the votes were counted and verified by the Independent Scrutineers, Messrs. Asia Securities Sdn. Berhad, the Chairman called the Meeting to order and reported the following results of the poll :-

Resolutions	Vote for		Vote Against		Results
	No. of Shares *	% *	No. of Shares *	% *	
<u>Ordinary Resolution 1</u> To approve a final single tier dividend of 6.6 sen per share in respect of the financial year ended 31 December 2019.	187,159,969	99.999	1,800	0.001	Carried
<u>Ordinary Resolution 2</u> To approve the payment of Directors' fees for an amount not exceeding RM139,800 for the financial year ending 31 December 2020.	186,998,544	99.998	4,500	0.002	Carried
<u>Ordinary Resolution 3</u> To re-elect Mr. Phong Hon Wai who retires as a Director of the Company pursuant to Clause 77(2) of the Company's Constitution	186,311,685	99.546	850,084	0.454	Carried
<u>Ordinary Resolution 4</u> To re-elect Mr. Yin, Shou-Kang who retires as a Director of the Company pursuant to Clause 79 of the Company's Constitution.	186,936,802	99.880	224,967	0.120	Carried
<u>Ordinary Resolution 5</u> To re-elect Mr. Liu, Min-Hsiung who retires as a Director of the Company pursuant to Clause 79 of the Company's Constitution.	179,372,401	95.838	7,789,368	4.162	Carried
<u>Ordinary Resolution 6</u> To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Board of Directors to determine their remuneration.	186,692,117	99.749	469,652	0.251	Carried
<u>Ordinary Resolution 7</u> Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or a Trading Nature.	16,157,269	99.972	4,500	0.028	Carried

The Chairman then declared that all the tabled Ordinary Resolutions of which polling were carried out were duly approved.