

LYSAGHT GALVANIZED STEEL BERHAD

(46426-P)

(Incorporated in Malaysia)

Summary of Minutes of the Thirty-Eighth Annual General Meeting of the Shareholders of Lysaght Galvanized Steel Berhad held at Dillenia & Eugenia Room, Ground Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 24 May 2017 at 10:30 a.m.

PRESENT

Directors : Dato' Ir. Wan Razali Bin Wan Muda (Chairman)
Mr Chua Tia Bon (Chief Executive Officer)
Mr Ee Beng Guan (Senior Independent Non-Executive Director)
Ir Aik Siaw Kong
Mr Cheam Low Soo
Madam Chew Meu Jong
Mr Chong Sai Sin

IN ATTENDANCE

Ms Lim Chien Joo (Company Secretary)

1. Audited Financial Statements together with the Reports of the Directors and Auditors thereon

The Shareholders received the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.

2. Summary of Key Matters discussed

The key questions posed by the shareholders and proxies present and the summary responses to the questions are set out below:-

- a) The closure of Megasteel Sdn Bhd had affected the profit margin of the Group as hot rolled coils (HRC) need to be imported with additional 15% duty.
- b) Other income of the Group comprised mainly realized forex gain and sale of scrap, zinc ash and dross, and the drop in other income in 2016 was due to one-off gain of RM3.8 million from the disposal of an investment property in 2015.
- c) Trade receivables increased due to increase in fourth quarter sale to Lysaght Marketing (S) Pte Ltd.
- d) Inventories increased due to import of steel coils to cater for 3 months' provision and also increase in zinc price by 10%.
- e) The Group does not have a formal policy on the disposal of scrap, zinc ash and dross, and other investment in the annual report refers to investment in Lysaght Corrugated Pipe (S) Pte Ltd.
- f) Mr Chong Sai Sin, Chairman of Audit Committee briefed a shareholder on the movement of cash flows of the Group for 2016.

- g) Export sales account for around 50% of the Group's revenue and the current production capacity of the factory was around 70% to 80%.
- h) In the light of current uncertain economic climate and challenging business conditions going forward, the Board has decided to be prudent and conserve the cash funds for the Group's on-going working capital requirement and business opportunities. The Group intends to upgrade its plant and equipment and this could incur significant capital expenditure, as most of the machineries have not been upgraded for the past 5 to 10 years.
- i) Mr Chong Sai Sin took note of two shareholders' comments on the Group's intention to increase its share capital by way of bonus issue, and advised the shareholders on the current level of public shareholding spread of the Group.
- j) The 7 sen dividend was unanimously agreed by the Board based on the Group's profitability, cash flow position and the anticipated capital expenditure.
- k) Management is considering business opportunities in the Asia Pacific Regions to venture into potential growth of the Group.
- l) There is no policy on payment of dividend for the Group.

3. Approval of Resolutions

The Meeting resolved and approved the following resolutions at the meeting by way of poll voting:-

- (a) Ordinary Resolution 1 pertaining the approval of the payment of final single tier dividend of 7 sen per share for the financial year ended 31 December 2016;
- (b) Ordinary Resolution 2 pertaining the approval of the payment of Directors' Fees of RM480,000.00 for the financial year ending 31 December 2017;
- (c) Ordinary Resolution 3 pertaining the approval of the payment of meeting allowances to the Non-Executive Directors up to an amount of RM95,000.00 for the financial year ending 31 December 2017;
- (d) Ordinary Resolution 4 pertaining to the re-election of Dato' Ir. Wan Razali Bin Wan Muda as Director of the Company;
- (e) Ordinary Resolution 5 pertaining to the re-election of Ir. Aik Siaw Kong as Director of the Company;
- (f) Ordinary Resolution 6 pertaining to the re-election of Mr Chong Sai Sin as Director of the Company; and
- (g) Ordinary Resolution 7 pertaining the re-appointment of Messrs Ernst & Young as auditors of the Company until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company.

4. Close of Meeting

The Annual General Meeting closed at 12:30 p.m.