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2013 ANNUAL REPORT

Masteel

MALAYSIA STEEL WORKS (KL) BHD

www.masteel.com.my

(7878-V)



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Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN THAT the Forty-Second Annual General Meeting of the Company will be held at Rebana Hall, Level 1, Convention Centre, Grand BlueWave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 26 June 2014 at 3.00 p.m. to transact the following businesses:-

AGENDA

As Ordinary Business

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. | To declare a final single-tier dividend of 0.5 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2013. | (Ordinary Resolution 1) |
| 3. | To approve the payment of Directors' Fees amounting to RM84,000 in respect of the financial year ended 31 December 2013. | (Ordinary Resolution 2) |
| 4. | To re-elect the Director, Dato' Ikhwan Salim Bin Dato' Haji Sujak who is retiring under Article 79 of the Articles of Association of the Company. | (Ordinary Resolution 3) |
| 5. | To re-elect the Director, Dato' Sri Tai Hean Leng @ Tek Hean Leng who is retiring under Article 79 of the Articles of Association of the Company. | (Ordinary Resolution 4) |
| 6. | To re-elect the Director, Encik Muhammad Hanizam Bin Hj. Borhan who is retiring under Article 79 of the Articles of Association of the Company. | (Ordinary Resolution 5) |
| 7. | To re-appoint Messrs Nexia SSY as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Ordinary Resolution 6) |

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

- | | | |
|----|--|--------------------------------|
| 8. | Authority for Mr Ng Wah Lok to continue in office as Independent Non-Executive Director | (Ordinary Resolution 7) |
| | "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 years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012." | |
| 9. | Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares | (Ordinary Resolution 8) |
| | "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time and from time to time until the conclusion of the next Annual General Meeting 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 issued share capital of the Company (excluding treasury shares, if any) 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." | |

Notice of Annual General Meeting (continued)

10. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")** **(Ordinary Resolution 9)**

"THAT subject always to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the Related Parties as stated in Section 3.3 of the Circular to Shareholders dated 3 June 2014 which are necessary for the day-to-day operations of the Company and its subsidiaries subject further to the following:-

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year on the type of Recurrent Transactions made, the names of the related parties involved in each type of Recurrent Transactions and their relationships with the Company.

AND THAT the approval is subject to annual renewal and shall only continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the Forty-Second Annual General Meeting of the Company at which the Proposed Renewal of Shareholders' Mandate will be tabled;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, shall deem fit."



11. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares (“Proposed Renewal of Share Buy-Back Mandate”)** **(Ordinary Resolution 10)**

“THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 and/or share premium of the Company as at 31 December 2013 of RM369.3 million and RM35.9 million respectively to purchase such amount of ordinary shares of RM0.50 each 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 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 issued and paid-up share capital of the Company;

THAT an amount not exceeding the Company’s share premium account and 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 retain the shares so purchased as treasury shares (as defined in Section 67A of the Companies Act, 1965) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them;

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 Annual General Meeting of the Company (being the Forty-Third Annual General Meeting 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-Third Annual General Meeting 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 Malaysia Securities Berhad 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.”

Notice of Annual General Meeting (continued)

DATE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Forty-Second Annual General Meeting, a final single-tier dividend of 0.5 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2013 will be paid on 25 July 2014. The entitlement date for the said dividend shall be 10 July 2014.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred to the Depositor's securities account before 4.00 p.m. on 10 July 2014 in respect of transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)

TAN AI NING (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

Date: 3 June 2014

NOTES:

1. A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote on his (her) behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The Proxy Form shall be signed by the appointer or his (her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at or by facsimile transmission to the Company's Share Registrar office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for the Meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 June 2014 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on his (her) behalf.



EXPLANATORY NOTES:

(1) To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 (“the Act”) does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

(2) Authority for Mr Ng Wah Lok to continue in office as Independent Non-Executive Director

In respect of Ordinary Resolution 7, the Board of Directors (“Board”) has via the Nomination Committee conducted an evaluation on the re-appointment of Mr Ng Wah Lok who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board.
- b. He has contributed sufficient time and effort and attended all the Committee meetings and Board meetings.
- c. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- d. As he has been with the Company for more than 9 years, he therefore understands the Company’s business operations which enable him to participate actively and contribute during deliberations or discussions at Committee meetings and Board meetings without compromising his independence and objective judgement.

(3) Authority under Section 132D of the Act for the Directors to issue shares

The Company had, during its Forty-First Annual General Meeting held on 27 June 2013, obtained its shareholders’ approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 8 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital (excluding treasury shares, if any) of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purposes of funding investment project(s), working capital and/or acquisition.

(4) Proposed Renewal of Shareholders’ Mandate

Ordinary Resolution 9 proposed under item 10 of the Agenda, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the necessity to convene separate general meetings from time to time to seek shareholders’ approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders’ mandate is subject to renewal on an annual basis.

Please refer to the Circular to Shareholders dated 3 June 2014 for further information.

Notice of **Annual General Meeting** (continued)**EXPLANATORY NOTES: (CONTINUED)****(5) Proposed Renewal of Share Buy-Back Mandate**

Ordinary Resolution 10 proposed under item 11 of the Agenda, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of ordinary shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company following the Forty-Second Annual General Meeting is required by law to be held.

Please refer to the Statement to Shareholders dated 3 June 2014 for further information.





Board of Directors

- **Dato' Ikhwan Salim bin Dato' Haji Sujak**
(Chairman – Independent Non-Executive)
- **Dato' Sri Tai Hean Leng @ Tek Hean Leng**
(Managing Director/ Chief Executive Officer)
- **Lee Kean Binh**
(Executive Director)
- **Lau Yoke Leong**
(Executive Director)
- **Lim Hoo Teck**
(Independent Non-Executive Director)
- **Ng Wah Lok**
(Independent Non-Executive Director)
- **Muhammad Hanizam bin Hj. Borhan**
(Independent Non-Executive Director)

Audit Committee

Lim Hoo Teck (Chairman)
Ng Wah Lok
Muhammad Hanizam bin Hj. Borhan

Nomination Committee

Muhammad Hanizam bin Hj. Borhan (Chairman)
Ng Wah Lok
Lim Hoo Teck

Remuneration Committee

Dato' Ikhwan Salim bin Dato' Haji Sujak (Chairman)
Ng Wah Lok
Lim Hoo Teck

Risk Management Committee

Ng Wah Lok (Chairman)
Dato' Sri Tai Hean Leng @ Tek Hean Leng
Lee Kean Binh

Company Secretaries

Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)

Registered Office

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
Tel : 03-7955 7889
Fax : 03-7956 0389

Head Office

Wisma Masteel
Lot 29C, Off Jalan Tandang
Section 51
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7781 1611
Fax : 03-7781 5435

Share Registrar

Tricor Investor Services Sdn Bhd
Level 17
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883
Fax : 03-2282 1886

Auditors

Nexia SSY
Chartered Accountants
SSY Building @ Sentral
Level 1, 2A Jalan USJ Sentral 3
USJ Sentral, Persiaran Subang 1
47620 Subang Jaya
Selangor Darul Ehsan

Principal Bankers

Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank
Malaysia Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

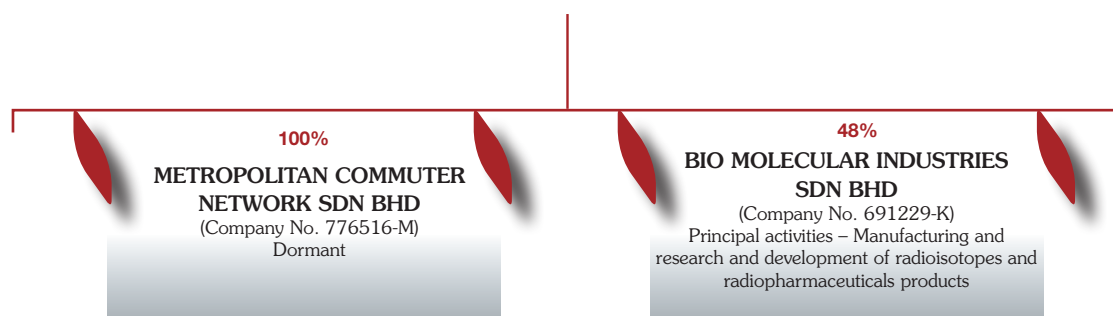
	<u>Shares</u>	<u>Warrants</u>
Stock Name:	Masteel	Masteel-WA
Stock Code:	5098	5098WA

Corporate **Structure**

Masteel

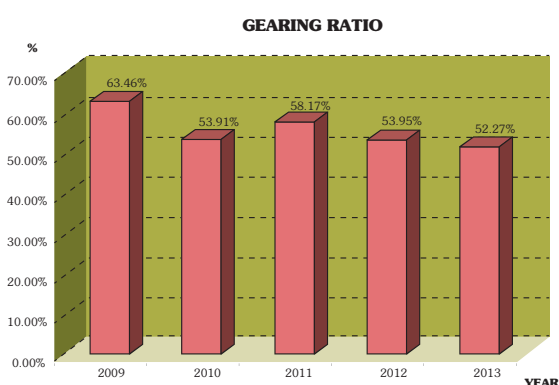
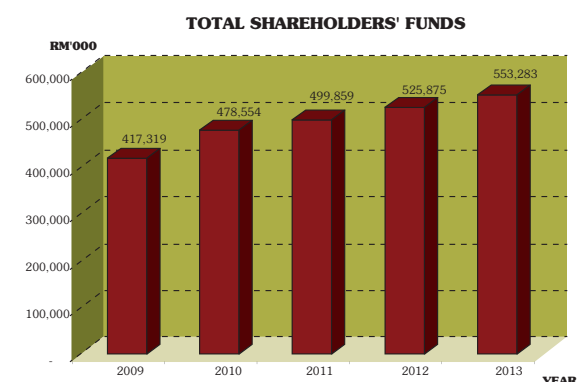
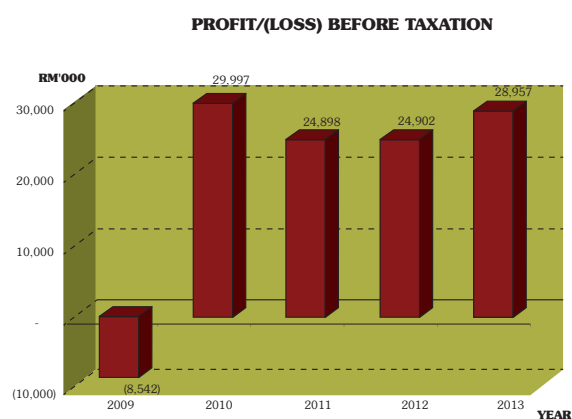
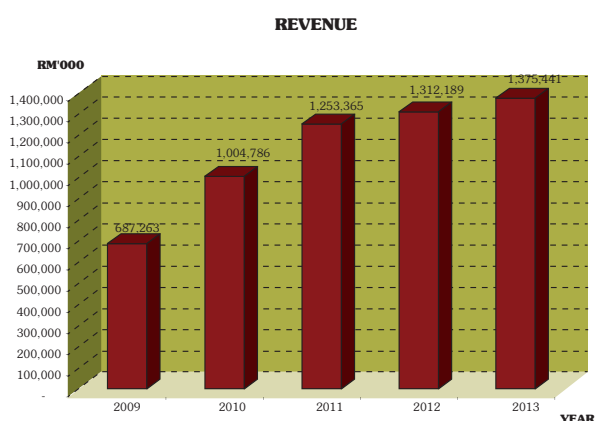
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Financial Highlights

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	687,263	1,004,786	1,253,365	1,312,189	1,375,441
Profit/(Loss) before taxation	(8,542)	29,997	24,898	24,902	28,957
Net Profit/(Loss) for the financial year	(8,092)	28,094	24,351	24,346	27,014
Total Assets Employed	749,615	826,171	888,700	929,905	1,014,039
Total Shareholders' funds	417,319	478,554	499,859	525,875	553,283
Paid-up Share Capital	97,333	105,393	105,393	108,988	110,989
No. of Ordinary Shares in Issue ('000)	194,667	210,787	210,787	217,977	221,979
Gearing Ratio	63.46%	53.91%	58.17%	53.95%	52.27%
Net Assets per Share (RM)	2.14	2.27	2.37	2.41	2.49
Earnings/(Loss) per Share (sen)	(4.16)	13.58	11.56	11.51	12.38
Diluted Earnings per Share (sen)	N/A	11.34	9.47	9.95	11.01
Gross Dividend per Share (sen)	1.00	1.35	1.00	1.50	1.50



Directors' Profile



Dato' Ikhwan Salim bin Dato' Haji Sujak
(Chairman - Independent Non-Executive)
(Chairman of Remuneration Committee)

Dato' Ikhwan Salim bin Dato' Haji Sujak, a Malaysian, aged 57, Non-Executive Chairman since 22 May 2003 and a Non-Executive Director of Masteel since 23 July 1998. He obtained a Bachelor of Science degree in Economics/Accounting in 1977 from Queen's University, Belfast, Ireland. He joined Nestle (M) Sdn Bhd as a Finance Executive in 1979. In 1980, he joined Bandar Management Sdn Bhd, a subsidiary of General Corporation Berhad as the Group Finance Planning Manager and upon restructuring his family's varied business operations in 1981, he was made the Director for the holding company, Jaya Holdings Sdn Bhd. In 2000, he was appointed as Executive Chairman/Director of Konsortium Jaringan Selangor Sdn Bhd and was also appointed as an Independent Director as well as Chairman of the audit committee of Glomac Berhad. Subsequently, he was appointed as Independent Director of Kumpulan Perangsang Selangor Berhad in 2001 to 2008. He was also appointed as a Director in Land and General Berhad on 1 December 2007. He was also a committee member of Automobile Association of Malaysia and the British Graduates Association of Malaysia. He is the Division Head of Petaling Jaya Utara Division of United Malay National Organisation (UMNO). Dato' Ikhwan Salim bin Dato' Haji Sujak also sits on the Board of several private companies in Malaysia.

Dato' Ikhwan Salim attended all 5 Board meetings of the Company held during the financial year ended 31 December 2013.

Dato' Sri Tai Hean Leng @ Tek Hean Leng, a Malaysian, aged 50, was appointed as an Executive Director of Masteel on 25 April 1994. He is also the Managing Director/Chief Executive Officer of Masteel. He obtained a Bachelor of Science degree in Mechanical Engineering from The University of Southern California in 1987 and a Master's degree in Finance from the University of Hull, United Kingdom in 1993. He began his practical training in 1987 as a Plant Manager in the manufacturing of Liquefied Petroleum Gas (LPG) pressure vessels for the oil and gas industries. He has been involved in the formulation and implementation of Masteel's corporate strategies including corporate planning, business expansion and operations. He has more than 20 years of business experience in the iron and steel industry. Dato' Sri Tai also sits on the Metropolitan Commuter Network Sdn Bhd, which is a wholly owned subsidiary of Masteel. He also sits on the Board of Bio Molecular Industries Sdn Bhd, an associate company of Masteel and several private companies in Malaysia. Dato' Sri Tai is the Vice President of the Malaysia Steel Association (MSA).

Dato' Sri Tai attended all 5 Board meetings of the Company held during the financial year ended 31 December 2013.



Dato' Sri Tai Hean Leng @ Tek Hean Leng
(Managing Director/Chief Executive Officer)
(Member of Risk Management Committee)



Lee Kean Binh
(Executive Director)
(Member of Risk Management Committee)

Lee Kean Binh, a Malaysian, aged 57, was appointed as an Executive Director of Masteel on 4 June 2003. He is a member of The Chartered Global Management Accountant (CGMA) (UK/USA), a Fellow Member of the Institute of Chartered Management Accountants (CIMA) (UK), an Associate Member of the Institute of Chartered Secretaries & Administrators (ICSA) (UK) and a member of the Malaysian Institute of Accountants (MIA). He has more than 27 years of extensive local and international experience in management, accounting and secretarial matters. Upon graduation in 1981, he joined Messrs. Porter Gee & Co, a public accounting firm in London, England as an auditor until 1983 when he returned to Malaysia and joined Transwater Engineering Sdn Bhd as an Accountant cum Office Manager until 1985. From 1985 to 1990, he was with Gas Pantai Timur Sdn Bhd as Group Accountant and from 1990 to 1993, he was with Sitt Tatt Berhad as Senior Manager in Finance and Administration cum Company Secretary. He joined Masteel in November 1993 as a Finance Manager. He also sits on the Board of Metropolitan Commuter Network Sdn Bhd, a wholly owned subsidiary of Masteel and several private companies in Malaysia.

Mr Lee attended all 5 Board meetings of the Company held during the financial year ended 31 December 2013.

Lim Hoo Teck, a Malaysian, aged 49, was appointed as an Independent Non-Executive Director of Masteel on 5 July 2006. He is a member of the Malaysian Institute of Accountants (MIA), Chartered Tax Institute of Malaysia (CTIM) and Malaysian Institute of Certified Public Accountants (MICPA). He is also a member of the Disciplinary Committee Panel (Lembaga Tatatertib Peguam-Peguam) pursuant to the Legal Profession Act, 1976. He acts as an Adjudicator for the 2012 National Annual Corporate Report Awards (NACRA) competition. Mr Lim started his accounting profession in 1984 as an Audit Assistant with Messrs Mustapha Law, where he served for 5 years. In 1989, he joined the international accounting firm of Price Waterhouse (now known as PricewaterhouseCoopers), Kuala Lumpur for about 2 years. He joined Coopers & Lybrand, Singapore as an Audit Manager in 1991. Currently, he is the Managing Partner in his two-partner audit practice, Messrs. Steven Lim & Associates. He has more than 23 years' experience in public accounting which includes, handling large audits of multinational and public-listed companies as well as small and medium-sized audits for companies engaged in trading, manufacturing, banking, plantation, hotel, construction, property holding and service industries. He has also been involved in initial public offer (IPO) assignments, acquisition reviews and investigation works. On 7 April 2008, he was appointed as a Non-Executive Director to YGL Convergence Berhad, a listed company on the ACE Market, and resigned on 1 January 2013.



Lim Hoo Teck
(Independent Non-Executive Director)
(Chairman of Audit Committee and
Member of Nomination Committee and
Remuneration Committee)

Mr Lim attended all 5 Board meetings of the Company held during the financial year ended 31 December 2013.

Directors' Profile (continued)

**Ng Wah Lok**

*(Independent Non-Executive Director)
(Chairman of Risk Management Committee
and Member of Audit Committee,
Nomination Committee and
Remuneration Committee)*

Ng Wah Lok, a Malaysian, aged 53, was appointed as an Independent Non-Executive Director of Masteel on 29 July 2004. He obtained his Bachelor of Engineering degree in 1984 and a Master degree in Engineering Science in 1989 from the University of Malaya. Upon graduation, he worked as a Project Engineer for a research project in the University of Malaya developing a hand pump to eradicate waterborne diseases in rural areas. In 1989, he joined Malaysian Industrial Products Sdn Bhd as a Project Engineer. In 1993, he was appointed as the General Manager of Masteel and was responsible for the upgrading of the rolling mill in Petaling Jaya and managed the expansion of the Bukit Raja plant in Klang. In 1999, he resigned as Senior General Manager and alternate Director of Masteel. He is currently a Director of a private limited company and 3 unlisted public companies in Malaysia.

Mr Ng attended all 5 Board meetings of the Company held during the financial year ended 31 December 2013.

Lau Yoke Leong, a Malaysian, aged 45, was appointed as an Executive Director of Masteel on 16 April 2007. He joined Masteel as an Accountant in July 2000 and was promoted as Chief Accountant in June 2004. He is a Fellow Chartered Certified Accountant and a member of the Malaysian Institute of Accountants. He has more than 16 years of experience in various fields of accounting, audit, taxation and management matters as well as in-house training instructor on updating of accounting standards and audit software program, corporate restructuring, corporate exercise and due diligence assignments. He started his accounting profession in 1994 as an auditor with Messrs Ong & Wong. He completed the professional qualification from The Association of Chartered Certified Accountants in late 1995. Upon graduation in 1995, he joined another public accounting firm, Messrs T.H.Liew & Gan as an auditor before moving on to Messrs Deloitte Touche Tohmatsu as an auditor from 1996 to 1999. From 1999 to 2000, he was an accountant with Bell Management Services Sdn Bhd before joining Masteel. Mr Lau also sits on the Board of Bio Molecular Industries Sdn Bhd, an associate company of Masteel and several private companies in Malaysia.

Mr Lau attended all 5 Board meetings of the Company held during his term in office for the financial year ended 31 December 2013.

**Lau Yoke Leong**
(Executive Director)



Muhammad Hanizam bin Hj Borhan
*(Independent Non-Executive Director)
(Chairman of Nomination Committee
and Member of Audit Committee)*

Muhammad Hanizam bin Hj Borhan, a Malaysian, aged 41, was appointed as an Independent Non-Executive Director on 12 November 2007. He is a member of the Malaysian Institute of Accountants (MIA). He obtained his Bachelor in Accountancy (Hons) Degree from The Universiti Teknologi MARA (UiTM) Shah Alam in 1997. He started his career in an accounting firm Messrs Ali Jaafar & Co, in Kuala Lumpur as an audit assistant between 1996 to 1999 before he moved on to become audit supervisor with Messrs. MNZ Associates, a Public Accountants firm between 1999 to 2000. He re-joined Messrs Ali Jaafar & Co in October, 2000 as Audit Assistant Manager and was subsequently promoted to become the Audit Manager from 2002 to 2004. He joined Messrs. Ismail Adam & Co as Tax Manager from May, 2004 to September, 2005. Thereafter, he started his own professional firm Messrs. My Accounting Services where he is currently offering accounting and business advisory services to a variety of clients. He has more than 16 years of experience in small and medium-sized firms involving in trading, manufacturing, marketing, plantation, construction, property development, quasi government agencies and services industries.

Encik Muhammad Hanizam bin Hj Borhan attended 5 Board meeting during his term in office for the financial year ended 31 December 2013.

None of the Directors has family relationship with any other directors/major shareholders, except for the Managing Director/Chief Executive Officer, who is related to a major shareholder. None of the Directors have any conflict of interest with the Company. The members of the Board have no convictions for any offences within the past ten (10) years.

Chairman's Statement



Dear Shareholders,

Since inception in 1971, Masteel has demonstrated its ability not only in the scaling up its manufacturing operations, but also in fine-tuning its business model and technological advantages. This year marks Masteel's 42 years of steel bar manufacturing par excellence.

On behalf of the Board of Directors for Malaysia Steel Works (KL) Bhd (Masteel or the Group), I am honoured to present you the Group's 2013 Annual Report and audited financial statements for the financial year ended 31 December 2013 (FY2013).

The steel sector witnessed a challenging FY2013, largely due to the over-supply of steel from China, which opened the doors to steel dumping issues all over the world including Malaysia.

However, the China-imported steel bars failed to make significant headway into the domestic market, with import quantities remaining at low levels throughout the year. This

was attributable to the preference of Malaysia's construction industry to source steel bars from reliable local manufacturers, owing to quality requirements, timely on-demand delivery and storage constraints.

I am proud to state that Masteel, with strategic presence within the Klang Valley, has secured a significant share of increasing steel demand from the numerous public and private sectors' infrastructure and property development projects. These included high-impact mega projects, such as the light rail transit (LRT) extension, Klang Valley Mass Rapid Transit (MRT) train network, and other iconic developments.

Moreover, we continued to benefit from the relatively-stable prices of our raw material of scrap metal, thereby shielding us from the price volatility of iron ore.

I am pleased to acknowledge our visionary management team, who endeavoured to improve our operations' efficiency and meet the industry demands, thus steering Masteel towards another remarkable year.

FY2013 FINANCIAL HIGHLIGHTS

Against this backdrop, we charted a good year with four consecutive quarters of profitable performance in FY2013. This resulted in Masteel achieving record revenue of RM1.38 billion, a 4.8% increase from RM1.31 billion in FY2012. The topline increase is commendable in view of the challenging industry environment, and demonstrates the mitigating effect of higher sales volumes over lower average selling prices.

