

Our Ref: AISB/EXT/2019-023

19th June 2019

Mr. Devanesan Evanson
Chief Executive Officer,
Minority Shareholder Watchdog Group,
Tingkat 11, Bangunan KWSP,
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur.

By Fax/ Hand

Dear Sir,

Re: Forty-Eighth (48th) Annual General Meeting (AGM) of Amalgamated Industrial Steel Berhad (“the Group” or “the Company”)

We refer to your letter dated 24th May 2019 regarding the above meeting and append our explanations to the queries as below:

Strategic and Financial Matters

- 1) The Group is also on the lookout for land banks selectively, amidst opportunities presented by the recovering market (Page 15 of the Annual Report 2018).

MSWG’s comment:

Please update on the lookout for land banks.

Our reply:

The sourcing of strategic land by the Group will be on a continuous basis for long term sustainability of its property development business. However, it will be carried out on a selective basis to minimise risk exposure as well as holding costs.

To-date, the Group has shortlisted several potential land and commercial evaluation process is still on-going.

- 2) Moving forward, the Group is poised to take advantage of the strengthening market with the launch of its residential development in April 2019. The Group is looking forward to seeing the maiden contribution from its property development division.

MSWG's comment:

What is the targeted profit contribution of the development to the Group in the next two years (Page 16 of the Annual Report 2018)?

Our Reply:

The Group is confident of achieving its turnaround following the success of the Company's Utamara Boutique Residences launched in April 2019, which has seen an encouraging take-up for its maiden residential development comprising 82 units of low-rise residences, which carries an estimated GDV of approximately RM113.6 million with an estimated gross profit margin of 14%. We anticipate that this contribution will result in the turnaround of the Group.

Corporate Governance Matters

3) **Practice 4.2**

The Practice states that if the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

MSWG's comment:

The Board through Ordinary Resolution 7 is seeking shareholder approval for an independent director who has served for more than nineteen years to continue to act as an independent Non-Executive Director of the Company.

Why has the Board not implemented a two-tier voting process at the upcoming AGM as per Practise 4.2?

Our Reply:

Tuan Haji Fauzi Bin Mustapha (“Tuan Haji Fauzi”) has served as Independent Director of the Company for more than nineteen (19) years. Upon the Nomination Committee’s recommendation, the Board recommended for shareholders’ approval on the retention of Tuan Haji Fauzi as an Independent Director of the Company, based on the justification that he has continued to contribute his ideas and constructive opinions to the Company and the Board finds it beneficial and useful for the Company to retain him.

The Board is fully aware of the Practice 4.2 and the Company is seeking shareholders’ approval via 2-tier voting process for Ordinary Resolution 7 on retention of Tuan Haji Fauzi as Independent Director at the forthcoming AGM.

MSWG’s comment:

We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Our Reply:

We hope our explanations have provided sufficient insight to your queries. We will present the same to the shareholders at the forthcoming AGM.

Thank you.

Yours sincerely,

Dato’ Lim Yew Boon
Executive Director