

MALAYSIA SMELTING CORPORATION BERHAD
Registration No. 197801006055 (43072-A)
(Incorporated in Malaysia)

FORTY-SECOND ANNUAL GENERAL MEETING (“AGM”) OF MALAYSIA SMELTING CORPORATION BERHAD (“THE COMPANY”) CONDUCTED ON A FULLY VIRTUAL BASIS VIA AN ONLINE PLATFORM ON FRIDAY, 18 JUNE 2021 AT 10.00 A.M

SUMMARY OF PROCEEDINGS AND KEY MATTERS DISCUSSED

- PRESENT** : **Board of Directors**
Madam Chew Gek Khim – Madam Chairman
Dato’ Robert Teo Keng Tuan
Dato’ Dr. Ir. Patrick Yong Mian Thong
Mr. John Mathew Mathai
Datuk Kamaruddin Taib
Mr. Timothy Chia Chee Ming
- Shareholders and Proxies**
As per Attendance Lists
- IN ATTENDANCE** : **Company Secretary**
Ms. Wong Youn Kim
- BY INVITATION** : As per Attendance Lists

1.0 CHAIRMAN’S WELCOME ADDRESS

The Chairman, Madam Chew Gek Khim took the Chair and welcomed all present at the virtual Forty-Second AGM (“the Meeting”) of the Company which was conducted fully virtual via an online platform.

She then introduced the members of the Board, the Company Secretary and the Audit Partner from Messrs. Ernst & Young PLT, all of whom were joining the Meeting remotely, to the shareholders.

2.0 QUORUM

Madam Chairman, having confirmed with the Company Secretary that the requisite quorum was present pursuant to Clause 80 of the Constitution of the Company, called the Meeting to order at 10.00 a.m.

3.0 NOTICE OF MEETING

Madam Chairman informed the shareholders that the notice of the Meeting (“the Notice”) was published in the New Straits Times and Singapore Business Times on 20 May 2021. It was also announced on the Bursa Malaysia and Singapore Exchange websites on the day before.

The Notice, having been properly circulated to all shareholders of the Company, was with the permission of the meeting taken as read.

4.0 POLL PROCEDURE

The Company Secretary highlighted that the businesses to be transacted in the Meeting involved the moving and passing of six (6) proposed Ordinary Resolutions which require the approval by a simple majority of the shareholders or their proxies present.

The Company Secretary also informed the Meeting that all resolutions set out in the Notice would be voted by way of poll.

The Company Secretary further informed the shareholders that each motion would require a Proposer and Secunder to move and second the motion before putting forward for voting, except for Agenda 1 in relation to the receiving of the Audited Financial Statements as formal approval from shareholders is not required. With a view to facilitate the flow of the Meeting, Madam Chew Gek Khim and Dato’ Dr. Ir. Patrick Yong Mian Thong, the Directors and Shareholders offered themselves to be the proposer and secunder for all the motions.

5.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE DIRECTORS’ AND AUDITORS’ REPORTS THEREON

The Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors’ and Auditors’ Reports thereon were laid before the Meeting pursuant to Section 340(1)(a) of the Companies Act, 2016.

The Chairman then tabled all the items on the Agenda.

6.0 QUESTIONS AND ANSWERS SESSION

Madam Chairman proceeded to address the questions submitted to the Company prior to the Meeting. The full list of questions and answers are as appended in **Appendix A**.

The Company Secretary then informed Madam Chairman that there were additional questions raised by the shareholders during the Meeting. The full list of questions and answers are as appended in **Appendix B**.

As there were no further questions, Madam Chairman declared that the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Reports of Directors and Auditors be received and taken as laid before the shareholders pursuant to Section 340(1)(a) of the Companies Act 2016.

7.0 POLL RESULTS

The poll results which have been verified by the Independent Scrutineers, USearch Management Services, were presented to the shareholders as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1 To approve the payment of a First and Final Single-Tier Dividend of RM0.01 per share in respect of the financial year ended 31 December 2020.	221,884,302	100.0000	-	0.0000
Ordinary Resolution 2 To approve the payment of Directors' Fees and Benefits of up to RM500,000.00 from 19 June 2021 until the next AGM of the Company to be held in year 2022.	221,881,300	99.9986	3,002	0.0014
Ordinary Resolution 3 To re-elect Mr. Chia Chee Ming, Timothy as Director of the Company who is retiring pursuant to Clause 102 of the Constitution of the Company.	221,883,702	99.9997	600	0.0003
Ordinary Resolution 4 To re-elect Dato' Robert Teo Keng Tuan as Director of the Company who is retiring pursuant to Clause 102 of the Constitution of the Company.	221,883,702	99.9997	600	0.0003
Ordinary Resolution 5 To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	221,884,102	99.9999	200	0.0001
Ordinary Resolution 6 Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.	221,847,200	99.9851	33,102	0.0149

Based on the poll results, Madam Chairman declared that all the six (6) Ordinary Resolutions as set out in the Notice were duly carried.

8.0 TERMINATION

There being no other business to be transacted, the Meeting terminated at 11.00 a.m. with a vote of thanks extended to the Chair.

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FORTY-SECOND (42nd) ANNUAL GENERAL MEETING (“AGM”)

**ANSWERS TO QUESTIONS
 SUBMITTED PRIOR TO THE 42nd AGM**

(A) Shareholder Name: Lee Eng Shan

- 1) How much of the recent weaker 4Q2020 & 1Q2021 operating profit seen in the smelting operation was due to furnace outage and/or weak smelting treatment charges?**

4Q2020 and 1Q2021 were slow periods for MSC smelting due to:

- i) Less feed/ore intake;
- ii) Ongoing Covid-19 pandemic;
- iii) Furnace outage; and
- iv) Weakening USD

We are therefore not able to ascertain exactly the impact arising from furnace outage during the 2 periods.

- 2) How often do the Butterworth furnaces breakdown, say in the last 3 years?**

Year	Furnace Availability (%)	Comments
2018	76.0	
2019	84.1	
2020	74.3	*Lower due to MCO 1.0 (Mar/Apr 2020)

- 3) Please produce a time series chart on smelting treatment charges during the meeting.**

Depending on the grade of ore, level and type of impurities and other variables which differs from one supplier to another, there is no fixed TC rate charged to these suppliers/customers. From 2017 to 2021, our smelting/treatment charges have increased by approximately 17%. The revenue recognised from these smelting charges will also be affected by the fluctuation in the USD/MYR exchange rate.

- 4) What are the challenges thus far experienced in ramping up Pulau Indah plant?**

As in any brown field project being previously a lead smelting plant, the challenges have been in respect of re-configuration/re-engineering of equipment to handle the

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Answers to Questions Submitted Prior to the 42nd AGM

change in metallurgical processes. Our testing and commissioning run has also been affected by the Covid-19 Pandemic. If not for the pandemic that has affected the availability and mobility of related contractors, our progress would have been faster.

As this is the first of its kind in the conversion of a lead smelting TSL to that of tin, there is no data or record to fall back on. All engineering and technical works had to depend on first principles.

5) Please share details of the technical consultant company behind the Pulau Indah plant project. And what are the covenants on their employment contract?

There were basically 2 consultants with different skill sets involved:

- i) Philip Arthur, the general consultant on TSL Furnaces to evaluate the viability of the brown field conversion.
- ii) Dr Kenneth Robilliard, an individual specialist on the design and operations of TSL Furnaces who has direct experience with the Isasmelt Furnace. His service is for the start-up, testing and completion of commissioning of our Furnace. Dr Kenneth's service is still on-going.

6) What are the challenges thus far experienced in ramping up Sg. Lembing mine?

Recently re-imposed Movement Control Order (MCO) by the Government has bogged down any efforts from the mining contractor to further increase Sg. Lembing mine production and unavailability or shortage of skilled manpower to work full time at its processing plant.

7) Capital Dynamics held on to the company's shares for more than ten years and has recently sold out. Based on management's experience, what are the possible reasons behind the said disposal?

We are not in a position to explain this as the decision to hold or to sell its investment is up to the prerogative of the investor which is out of Management's control.

(B) Shareholder: Tan Kwee

8) Again, the Directors Fees?

(We assume here that the shareholder requested for breakdown of the Directors Fees).

The Directors Fee for the FY2020 was RM549,000 with breakdowns, as follows:

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Directors Fees (FY 2020)	MSC RM	RHT RM	Group RM
Ms. Chew Gek Khim	111,000		111,000
Mr. Chia Chee Ming, Timothy	99,500		99,500
Dato' Robert Teo Keng Tuan	98,000		98,000
Datuk Kamaruddin Bin Taib	70,000		70,000
Mr. John Mathew A/L Mathai	80,000		80,000
Mr. Zihanz Alymann Bin Kamarul Zaman	-	90,274	90,274
TOTAL	458,500	90,274	548,774

(C) Shareholder: Liew Kowi Fa**9) May I know whether your mining and smelting activities are affected by the current MCO?**

The mining operations of MSC have been currently suspended pending approval from the Ministry of Natural Resources and Environment. The Smelting operations at both plants (Butterworth and Pulau Indah) are currently operating at only 10% workforce under the classification of "Warm Idle" by MITI.

10) Any effects on your import of tin ore and export of tin refined product?

Due to the skeletal workforce allowed, the smelting/refining operations will be affected. MSC is aware that this will affect its contractual obligations with its suppliers/customers, hence the recent declaration of Force Majeure.

11) How many furnaces at Butterworth factory in operation? What about Pulau Indah?**12) How many furnaces in both Butterworth and Pulau Indah factories?**

Butterworth plant furnaces are under "warm idle", and some undergoing maintenance as they are not operating under MCO 3.0.

Pulau Indah has 1 Isasmelt Furnace (40,000mt yearly capacity) and 1 subsidiary Rotary Furnace for smelting of refinery dross. Both of these are currently under "warm idle" and maintenance (re-bricking).

13) What is the quantity of Sungai Lembing mining production per day now?

Currently, the mine although already commissioned, its operation has been suspended due to the recent MCO 3.0 restrictions.

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- 14) How much tin ore and refined tin stock available as at year ended 2020?**
15) What is the value per ton of both tin ores and refined tin stocks at the year end of 2020?

As ore is constantly being delivered and process, it is not possible to give a snap shot of the amount in stock at any moment. The best estimate is found in the audited accounts which is publicly available.

- 16) Butterworth factory have smelting capacity of 40,000 tonnes and Pulau Indah factory have 60,000 tons. Total 100,000 tonnes right? How long will our company continue to process in Butterworth factory after Pulau Indah factory is fully operational by year end?**

The Butterworth Factory and Pulau Indah (PI) Factory have total smelting capacity of 80,000mt. The PI factory capacity can be pushed up to 60,000mt with oxygen enrichment. The company will continue to process in Butterworth as long as there are still tin bearing materials available. We expect the Butterworth plant to continue running for about 2 years to perform total tin extraction and plant decommissioning.

- 17) As per information our company have intermediate tin ore stock about 7000 tons. How many tons will get refined tin after smelting process?**

The stated quantity is actually the actual tin metal content after further smelting and refining process.

- 18) How much loss will the company anticipate from the current MCO 3.0? Could we recover the loss of our production quantity?**

The Group's tin mining and smelting operations are definitely affected by the current MCO 3.0 but at the moment, we are not able to quantify the extent of the loss as we are still uncertain when the operations of the Group will return to its pre-MCO level and when the Government will uplift the MCO 3.0.

- 19) With the MCO 3.0, will Pulau Indah plant full production scheduled by year end be affected?**

We are using the forced downtime during MCO 3.0 to re-brick the Isasmelt and carry out maintenance works with the limited workforce allowed. The ability to ramp up production will depend on many factors including other possible measures that may be imposed by the government to combat the Covid 19 pandemic.

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(D) Shareholder: Low Kok Ang**20) What is the forecasted total production of tin from mining and what are the next 2 years plan to take advantage of favourable price?**

Currently, our tin mine at Klian Intan is capable of producing 11.0 tonnes per day (tpd). We expect to increase from 11.0 tpd to 12.0 tpd in FY2022, barring any unforeseen circumstances such as further pandemic or movement control order (MCO) imposed by the Government.

21) How do MSC hedge these tin production ie. spot, percentage, etc.?

MSC can enter into forward contracts at the LME/KLTM to hedge against tin price fluctuations. Our trading division also enters into supply contracts which automatically locks in sales prices.

22) How much is the incremental cost for the parallel running of Butterworth facilities and the estimated quarterly reductions to gradually phase out these costs?

We are not able to put a number to this as the reduction in costs is not linear. Furthermore, the phasing out of the Butterworth facilities hinges on the progress of the stabilization of the Isasmelt at Pulau Indah. It is estimated that there will be a 30 - 40% operating cost savings when the Butterworth facilities are fully de-commissioned.

23) Has the new plant's capacity been rated and certified?

The new plant capacity is design specific and operation wise, it has been certified ISO9001 compliant.

24) How long will it take to ramp up to the rated capacity and how (any new supply contracts, etc)?

We anticipate the Pulau Indah Plant to ramp-up and stabilize its smelting production by end 2021 / early 2022.

25) What are the plans to be implemented to benefit from this up cycle (after >10 years of down)?

The tin price is subject to supply and demand of the world's tin commodity, and is beyond the control of MSC.

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With the uptrend in current tin price, the Group is cognizant of the importance of processing its stock of tin bearing intermediates to convert to marketable tin to capitalize on the higher tin price.

Similarly, on the mining segment, the Group will focus on improving the efficiency of its mining and processing plants to increase mining productivity. The Group is also looking at new joint ventures or acquiring/expanding its mining concessions at the same time.

(E) Shareholder: Chang Jiah Horng**26) When can we see some improvement in smelting operation in terms of turnaround in profit?**

We are running 2 plants concurrently, therefore incurring additional operational overheads. We expect a significant improvement in financial performance after the Group's stock of tin intermediates have been processed, and the Butterworth plant decommissioned. With only 1 plant (Pulau Indah) running, using modern technology (Top Submerge Lance) with improved smelting efficiency, and being less labour intensive, the Group's smelting operation will be further poised for even better profitability.

27) Regarding to the increase in tolling charges (double penalties), would it create a positive impact to the company's bottom line? How did the customers react to the extra charges?

Increased tolling charges would definitely increase the bottom line. However, the Company needs to strike a balance to avoid losing the customers to other toll smelters/competitors.

28) Can the increase in tolling charges net off with the losses from the furnace outages in upcoming quarters?

The Company revises its tolling charges on yearly basis on a normal ongoing basis.

The Company's performance depends on many factors:

- i) Incoming feed/ore intake volume;
- ii) Unforeseen forced outages;
- iii) Furnace downtime;
- iv) Market tin prices; and
- v) USD/MYR exchange rate.

It is therefore difficult to quantify the effects of these factors in isolation.

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29) Without the inventory write back, will the bottom line be sustainable in the upcoming 2-3 quarters?

The Group's performance depends on many factors as stated per Q3 above. We are not able to comment at this juncture.

30) How much is the loss of revenue to MSC as a result of force majeure (eg. loss of Metals X customer)

The Group's tin mining and smelting operations are definitely affected by the current MCO 3.0. As a result, the Group has invoked the Force Majeure notice. We are not able to quantify the extent of the impact on MSC's result as we are still uncertain when the operations of the Group will return to its pre-MCO level and when the Government will uplift the MCO 3.0.

31) What is the impact of Force Majeure to their relationship with suppliers/customers?

Although the Group has invoked the Force Majeure notice, we have continued to engage with our suppliers/customers to keep them informed of the status of the Group's operations during the MCO 3.0. Declaration of a Force Majeure is not a planned event and business partners should understand that.

32) Will Force Majeure impact the cash flows of MSC with the extended credit terms given to customers? Will MSC raise capital funding to resolve the working capital issue?

Yes, the Force Majeure will have an impact on MSC's cash flow. MSC is working on some funding exercises, details of which will be made known to the public in due course.

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**ANSWERS TO QUESTIONS
RAISED DURING THE 42nd AGM**

1) What's management's outlook for the price trend of tin? What is the outlook for revenue growth for the next year?

(By Shareholder, Leong Chooi Kuen)

We anticipate tin prices to remain high for the remaining of FY2021 driven by a rebound in demand for consumer electronics, and shortage in tin supply as world inventories run low.

In the long run, tin demand will be fuelled by growing the application of tin in various industries such as electric vehicles, renewable energy space, etc.

The outlook for the Company depends a lot on the current pandemic issue and any further lockdowns by the Government.

2) The losses of the JV company, KM Resources Inc. have increased substantially to RM51.926 million in FY2020 (Page 149 of the Annual Report). Please provide an update on the operations of this JV company and what are MSC's plans for this investment.

(By Shareholder, Lew Tuck Wai)

The JV company is no longer mining, and is now carrying-out mine rehabilitation works post-mining.

The Group has already fully written-down its investment in the JV company as reflected in the Audited Financial Statement.

3) MSC has made additional equity investments in Alphamin Resources Corp with accumulated investments amounting to RM23.235 million in FY2020 (page 149 of the Annual Report 2020). What are the reason(s) for the increase in investment in this Company? Can the Board provide some update on the returns on this investment?

(By Shareholder, Lew Tuck Wai)

This investment was made quite some time ago via a private placement by Alphamin Resources Corp. There were no new investments made thereafter.

The current increase in investment value is due to the appreciation in Alphamin's share price on the Canadian Stock Exchange.

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Answers to Questions Raised During the 42nd AGM

- 4) Does the Balance Sheet of MSC reflect the huge amount of estimated tin ore count which amount to an estimated 48,403 tonnes Sn (page 17 of the Annual Report 2020)? What is the reason for the low value ascribed to the Tin Mining Rights for both Rahman Hydraulic Tin Sdn. Bhd. and SL Tin Sdn. Bhd. (Balance Sheet page 83)?**

(By Shareholder, Lew Tuck Wai)

No, the 48,403 tonnes Sn refers to the balance resource available in the tin mine at Klian Intan (RHT). These will be mined over the remaining life of the mine.

The mining rights are categorized under Intangible Assets within the Balance Sheet. These are carried at cost less accumulated amortisation and accumulated impairment losses.

- 5) Why has not artisanal miners increase tin supply thus far?**

(By Shareholder, Lee Eng Shan)

There are many factors that control artisanal miners:-

- i) Each and every one has to have a license from the JMG.
- ii) The MCO imposed lately, has restricted people from accessing the rivers.

- 6) During this difficult Pandemic period, please give Ewallet credits (e.g. Touch&Go) for us loyal minority shareholders voting today. Thank you.**

(By Shareholder, Lum Pek Kam)

Would the Board kindly consider giving us e-wallet as a token of appreciation for attending this RPV?

(By Shareholder, Teh Peng Tin)

We appreciate our shareholders for taking time off in their busy schedule to attend this Virtual AGM. In our Notice of AGM to shareholders, we have indicated that there will not be any distribution of any form of door gifts (including e-wallet vouchers).