

ADDENDUM TO THE CIRCULAR TO SHAREHOLDERS DATED 31 MAY 2017 IN RELATION TO THE PROPOSED BONUS ISSUE OF UP TO 53,791,760 NEW ORDINARY SHARES IN MALAYSIA STEEL WORKS (KL) BHD (“MASTEEL” OR THE “COMPANY”) (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 5 EXISTING ORDINARY SHARES HELD IN MASTEEL ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

Unless otherwise stated, definitions used hereunder shall have the same meanings as those defined in the Circular.

We wish to draw the attention of the shareholders of Masteel to the following addition disclosure to the Circular which should be read as follows:-

Section 2.2 Capitalisation of reserves (Page 3)

The Proposed Bonus Issue shall be wholly capitalised from the Company's share premium.

Based on the Company's latest audited financial statement for the FYE 31 December 2016, the share premium of Masteel is as follows:-

Minimum Scenario : Assuming all the existing 1,213,800 treasury shares are retained in the Company and no Placement Shares are issued prior to the implementation of the Proposed Bonus Issue.

Maximum Scenario : Assuming all the existing 1,213,800 treasury shares are resold to the market and all Placement Shares are issued prior to the implementation of the Proposed Bonus Issue.

| Company level | Audited as at 31 December 2016 / Unaudited as at 31 March 2017 (RM'000) | |
|---|---|------------------|
| | Minimum Scenario | Maximum Scenario |
| Share premium* | 78,204 | 78,204 |
| Less:- | | |
| - Amount to be capitalised for the Proposed Bonus Issue | (24,329) | (26,896) |
| Balance after the Proposed Bonus Issue | 53,875 | 51,308 |

Note:-

* Under the no par value regime of the Act which came into effect on 31 January 2017, the concept of share premium will no longer be applicable and any amount standing to the credit of the Company's share premium account shall be consolidated as part of its share capital. However, Section 618(4) of the Act provides that the Company may use its share premium account to fully pay up the Bonus Shares within a 24 months period from 31 January 2017.

The Board confirms that the Proposed Bonus Issue and the implementation of the Proposed Bonus Issue is and will be in full compliance with the Act and Practice Note 1/2017 issued by the Companies Commission of Malaysia on 8 February 2017 for the purposes of subsections 618 (3) and (4) of the Act. The Board also confirms that the Company has adequate reserves available for the capitalisation of the Bonus Shares and such reserves are unimpaired by losses on a consolidated basis, based on the Company's latest audited consolidated financial statements for the FYE 31 December 2016 and its latest unaudited quarterly results for the FPE 31 March 2017. The Proposed Bonus Issue will not be implemented in stages over a period of time.

This addendum is dated 9 June 2017.