

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, bank manager or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused this Circular prior to its issuance as it is an Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Masteel

MALAYSIA STEEL WORKS (KL) BHD

www.masteel.com.my

(Company No. 7878-V)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

RHB InvestmentBank

RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“**EGM**”) and Proxy Form are enclosed in this Circular.

Details of the EGM:

- Date and time: : Thursday, 15 June 2017, at 4.00 p.m., or immediately after the conclusion or any adjournment (as the case may be) of the 45th Annual General Meeting of the Company which will be held at the same venue and on the same day at 3.00 p.m., whichever is later.
- Venue : Dewan Perdana, Level 2, Convention Centre, Grand Bluewave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan.

You are entitled to appoint a proxy(ies) to attend, participate, speak and vote on your behalf at the EGM. Should you wish to do so, please complete and lodge the Proxy Form at the share registrar office of our Company, as indicated below. You are still entitled to attend and vote in person at the EGM even if you have submitted the Proxy Form.

- Last date and time for lodging the Proxy Form : Wednesday, 14 June 2017, at 4.00 p.m. or not less than 24 hours before the time appointed for the taking of the poll at the EGM or any adjournment thereof
- To be deposited at the Company’s Share Registrar office : Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor’s Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

This Circular is dated 31 May 2017

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“Act”	: The Companies Act, 2016
“AGM”	: Annual General Meeting
“Board”	: The Board of Directors of Masteel
“Bonus Share(s)”	: Up to 53,791,760 new Masteel Shares to be issued pursuant to the Proposed Bonus Issue
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“Circular”	: This circular dated 31 May 2017
“Director(s)”	: Has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
“EGM”	: Extraordinary General Meeting
“Entitlement Date”	: The date as at the close of business (to be determined and announced later by the Board) on which shareholders of Masteel must be registered as a member and whose names appear in the Record of Depositors in order to participate in the Proposed Bonus Issue
“EPS”	: Earnings per share
“FPE”	: Financial period ended/ending, as the case may be
“FYE”	: Financial year(s) ended/ending, as the case may be
“Listing Requirements”	: The Main Market Listing Requirements of Bursa Securities
“LPD”	: 16 May 2017, being the latest practicable date prior to the printing and despatch of this Circular
“Market Day(s)”	: Any day(s) between Monday to Friday (inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities
“Masteel” or the “Company”	: Malaysia Steel Works (KL) Bhd (Company No. 7878-V)
“Masteel Group” or the “Group”	: Collectively, Masteel and its subsidiaries
“Masteel Share(s)” or “Share(s)”	: Ordinary share(s) in Masteel
“NA”	: Net assets
“Placement Share(s)”	: Up to 24,450,800 new Masteel Shares to be issued pursuant to the Proposed Private Placement
“Proposals”	: Collectively, the Proposed Private Placement and Proposed Bonus Issue

DEFINITIONS (Cont'd)

- “Proposed Bonus Issue” : Proposed bonus issue of up to 53,791,760 Bonus Shares on the basis of 1 Bonus Share for every 5 existing Masteel Shares held on the Entitlement Date
- “Proposed Private Placement” : Proposed private placement of the Placement Shares, representing up to 10% of the Company’s total number of issued shares which is expected to be implemented in multiple tranches. As at the date of this Circular, the Proposed Private Placement has yet to be completed and is pending approval from Bursa Securities
- “Record of Depositors” : A record of depositors established by Bursa Depository under the Rules of Bursa Depository, as amended from time to time
- “RHB Investment Bank” or the “Adviser” : RHB Investment Bank Berhad (Company No. 19663-P)
- “RM” and “sen” : Ringgit Malaysia and sen, respectively
- “VWAP” : Volume weighted average market price

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified. All references to “you” in this Circular are to the shareholders of Masteel.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be reference to Malaysian time, unless otherwise specified.

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MALAYSIA STEEL WORKS (KL) BHD

www.masteel.com.my

(Company No. 7878-V)
(Incorporated in Malaysia)

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

31 May 2017

Board of Directors:-

Dato' Ikhwan Salim bin Dato' Haji Sujak	<i>(Chairman / Independent Non-Executive)</i>
Dato' Sri Tai Hean Leng @ Tek Hean Leng	<i>(Managing Director / Chief Executive Officer)</i>
Lau Yoke Leong	<i>(Executive Director / Chief Financial Officer)</i>
Ong Teng Chun	<i>(Executive Director)</i>
Roy Thean Chong Yew	<i>(Independent Non-Executive Director)</i>
Ng Wah Lok	<i>(Senior Independent Non-Executive Director)</i>
Muhammad Hanizam bin Hj. Borhan	<i>(Independent Non-Executive Director)</i>

To: The shareholders of Malaysia Steel Works (KL) Bhd

Dear Sir / Madam,

PROPOSED BONUS ISSUE OF UP TO 53,791,760 BONUS SHARES ON THE BASIS OF 1 BONUS SHARE FOR EVERY 5 EXISTING MASTEEL SHARES HELD ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 25 May 2017, RHB Investment Bank had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 26 May 2017, RHB Investment Bank had, on behalf of the Board, submitted an application to Bursa Securities for the listing of and quotation for up to 24,450,800 new Masteel Shares to be issued pursuant to the Proposed Private Placement and up to 53,791,760 Bonus Shares to be issued pursuant to the Proposed Bonus Issue. As at the date of this Circular, the approval from Bursa Securities is still pending. Upon obtaining all approvals, the Placement Shares will be listed and quoted on the Main Market of Bursa Securities in tranches while the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next Market Day after the Entitlement Date.

The Proposed Private Placement and Proposed Bonus Issue will be implemented concurrently.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS ON THE PROPOSED BONUS ISSUE AND TO SEEK YOUR APPROVAL ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares

The Proposed Bonus Issue will entail an issuance of up to 53,791,760 Bonus Shares to be credited as fully paid-up, on the basis of 1 Bonus Share for every 5 existing Masteel Shares held by the entitled shareholders of the Company as at the close of business on the Entitlement Date.

As at the LPD, the number of issued shares in Masteel is 244,508,003 Masteel Shares (including 1,213,800 Masteel Shares held as treasury shares). Assuming all 1,213,800 treasury shares are resold at open market and all 24,450,800 Placement Shares are placed out prior to the Entitlement Date, a maximum of 53,791,760 Bonus Shares may be issued pursuant to the Proposed Bonus Issue.

The actual number of Bonus Shares to be issued will be based on the then number of issued shares (less any shares retained as treasury shares) of Masteel which will include any Placement Shares issued prior to the implementation of the Proposed Bonus Issue. Please refer to **Section 4.1** of this Circular for an illustration of the Bonus Shares to be issued under the Proposed Bonus Issue.

Fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient in the best interest of the Company.

For illustration purposes, based on the 5-day VWAP of Masteel Shares up to and including the LPD of RM1.08, the theoretical ex-bonus share price of Masteel Shares is RM0.90.

2.2 Capitalisation of reserves

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

The Board 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.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Masteel Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date for such distribution precedes the date of allotment and issuance of such new Bonus Shares.

2.4 Listing of and quotation for the Bonus Shares

On 26 May 2017, RHB Investment Bank had, on behalf of the Board submitted an application to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities. Upon obtaining all approvals, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the entitled shareholders no later than 4 Market Days after the date of the listing of and quotation for the Bonus Shares.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue aims to reward the existing shareholders of the Company for their loyalty and continuing support, by enabling them to have a greater participation in the equity of the Company in terms of the increased number of shares held, whilst maintaining their percentage of equity interest. In addition, the Proposed Bonus Issue will increase the capital base of the Company to a level which will better reflect the current scale of operations of Masteel Group and potentially improve the liquidity and marketability of Masteel Shares on Bursa Securities.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Share capital

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue on the issued and paid-up share capital of Masteel are as follows:-

	Issue price	Minimum Scenario		Maximum Scenario	
		No. of Shares ('000)	(RM'000)	No. of Shares ('000)	(RM'000)
Share capital as at the LPD	0.50	244,508	122,254	244,508	122,254
Less: Treasury shares		(1,214)	(607)	-	-
Placement Shares to be issued	0.98	243,294 ⁽¹⁾	121,647 ⁽¹⁾	244,508 24,451	122,254 ⁽²⁾ 23,962
Bonus Shares to be issued	0.50	243,294 48,659	121,647 24,329	268,959 53,792	146,216 26,896
Enlarged share capital		291,953	145,976	322,751	173,112

Notes:-

- (1) Assuming none of the Placement Shares was issued.
- (2) Assuming all 24,450,800 Placement Shares are issued at an indicative issue price of RM0.98 per Placement Share and the amount is fully credited to the share capital account in accordance with the Act.

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4.2 NA per Share and gearing

Based on the audited consolidated financial statements of Masteel Group as at 31 December 2016, the pro forma effects of the Proposed Bonus Issue on the NA per Share and gearing of Masteel Group are as follows:-

Minimum Scenario

	Audited as at 31 December 2016 (RM'000)	Pro forma I After the Proposed Private Placement (RM'000)	Pro forma II After the Proposed Bonus Issue (RM'000)
Share capital	122,254	⁽¹⁾ 122,254	146,583
Share premium	78,204	78,204	⁽²⁾⁽³⁾ 53,695
Treasury shares	(897)	(897)	(897)
Retained profits	351,406	351,406	351,406
Total equity / NA	550,967	550,967	550,787
No. of Shares issued (excluding treasury shares) ('000)	243,294	243,294	291,953
NA per Share (RM)	2.26	2.26	1.89
Total borrowings	361,138	361,138	361,138
Gearing (times)	0.66	0.66	0.66

Notes:-

- (1) Assuming all 1,213,800 treasury shares are retained by the Company and no Placement Shares are issued.
- (2) After deducting the amount to be capitalised for the Proposed Bonus Issue.
- (3) After adjusting for the estimated expenses of RM180,000 for the Proposals.

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Maximum Scenario

	Audited as at 31 December 2016 (RM'000)	Pro forma I Assuming the resale of treasury shares and after the Proposed Private Placement (RM'000)	Pro forma II After the Proposed Bonus Issue (RM'000)
Share capital	122,254	⁽²⁾ 146,216	173,112
Share premium	78,204	78,204	⁽⁵⁾⁽⁶⁾ 51,128
Capital reserves account	-	⁽³⁾ 414	414
Treasury shares	(897)	-	-
Retained profits	351,406	351,406	351,406
Total equity / NA	550,967	576,240	576,060
No. of Shares issued (excluding treasury shares) ('000)	⁽¹⁾ 243,294	268,959	322,751
NA per Share (RM)	2.26	2.14	1.78
Total borrowings	361,138	⁽⁴⁾ 337,356	337,356
Gearing (times)	0.66	0.59	0.59

Notes:

- (1) Excluding 1,213,800 treasury shares.
- (2) Assuming all 24,450,800 Placement Shares are placed out at an indicative issue price of RM0.98 per Placement Share.
- (3) Gain of approximately RM0.41 million, assuming the 1,213,800 treasury shares which were purchased at a cost of approximately RM0.90 million are resold at RM1.08, being the 5-day VWAP of Masteel Shares up to the LPD.
- (4) After deducting the repayment of bank borrowings of RM23.78 million.
- (5) After deducting the amount to be capitalised for the Proposed Bonus Issue.
- (6) After adjusting for the estimated expenses of RM180,000 for the Proposals.

4.3 Earnings and EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Group for the FYE 31 December 2017. However, there will be a corresponding dilution in the EPS of the Group as a result of the increase in the number of shares arising from the Proposed Bonus Issue.

4.4 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage shareholdings of the substantial shareholders of Masteel. However, the number of Masteel Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

4.5 Convertible securities

As at the LPD, there are no options, warrants or convertible securities issued by the Company.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Masteel Shares for the past 12 months from May 2016 to April 2017 are as follows:-

	High RM	Low RM
2016		
May	0.690	0.530
June	0.595	0.495
July	0.570	0.495
August	0.770	0.550
September	1.060	0.650
October	0.975	0.840
November	0.875	0.645
December	0.850	0.645
2017		
January	0.885	0.820
February	0.925	0.750
March	0.830	0.760
April	0.965	0.755
Last transacted price of Masteel Shares on 24 May 2017 (being the date prior to the announcement of the Proposed Bonus Issue)		1.220
Last transacted price of Masteel Shares on 29 May 2017 (being the latest date prior to the printing of this Circular)		1.090

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to and conditional upon the following approvals being obtained:-

- (i) Bursa Securities, for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of Masteel, for the Proposed Bonus Issue at the forthcoming EGM; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Private Placement and Proposed Bonus Issue are not inter-conditional. In addition, the Proposed Bonus Issue is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and major shareholders of the Company and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Bonus Issue apart from their respective entitlement under the Proposed Bonus Issue, which are also available to all other shareholders of the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

The tentative timetable for the implementation of the Proposed Bonus Issue is set out below:-

Month	Event
15 June 2017	<ul style="list-style-type: none">• Convening of EGM to obtain the approval of shareholders of Masteel for the Proposed Bonus Issue
Third quarter of 2017	<ul style="list-style-type: none">• Announcement of the Entitlement Date for the Proposed Bonus Issue• Completion of the Proposed Bonus Issue

Barring any unforeseen circumstances, the Board expects the Proposed Bonus Issue to be completed by the third quarter of 2017.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue (which is the subject matter of this Circular) and the Proposed Private Placement, the Board confirms that there are no other outstanding corporate exercises that have been announced by the Company, but not yet completed as at the LPD.

10. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company.

As such, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Bonus Issue to be tabled at the forthcoming EGM of the Company.

11. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Dewan Perdana, Level 2, Convention Centre, Grand Bluewave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 15 June 2017 at 4.00 p.m., or immediately after the 45th AGM of the Company which will be held at the same venue and on the same day at 3.00 p.m., whichever is later, or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the ordinary resolution to give effect to the Proposed Bonus Issue.

The voting on the resolution at the EGM will be by poll. If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend, participate, speak and vote on your behalf by completing, signing and sending the enclosed Proxy Form as soon as possible so as to arrive at the Company's Share Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, before 4.00 p.m. on 14 June 2017. The Proxy Form should be completed strictly following the instruction contained therein and should you fail to do so, the instrument of proxy will not be valid. You are still entitled to attend and vote in person at the EGM even if you have submitted the Proxy Form.

12. FURTHER INFORMATION

You are advised to refer to **Appendix I** as set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
MALAYSIA STEEL WORKS (KL) BHD

DATO' SRI TAI HEAN LENG @ TEK HEAN LENG
Managing Director / Chief Executive Officer

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement contained herein false or misleading.

2. CONSENT

RHB Investment Bank, being the Adviser for the Proposed Bonus Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

RHB Investment Bank has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to Masteel for the Proposed Bonus Issue.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither Masteel nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of Masteel have no knowledge of any proceedings, pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of Masteel Group.

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

(i) Material Commitments

Save as disclosed below, as at 31 March 2017, the Board is not aware of any material commitments incurred or known to be incurred by the Group which upon becoming enforceable may have a material impact on our financial results/position of our Group:-

	RM'000
Property, plant and equipment	
- Approved and contracted for	3,618
Total	3,618

FURTHER INFORMATION (Cont'd)

(ii) Contingent Liabilities

As at 31 March 2017, the Board is not aware of any other contingent liabilities incurred or known to be incurred by the Group which upon becoming enforceable may have a material impact on the financial results or position of the Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at 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, during normal business hours (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) The Memorandum and Articles of Association of Masteel;
- (ii) The audited consolidated financial statement of Masteel for the past 2 years up to and including FYE 31 December 2016 and the latest unaudited quarterly results for the FPE 31 March 2017; and
- (iii) Letter of consent and declaration of conflict of interest referred to in **Section 2** and **Section 3** of this **Appendix I**.

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MALAYSIA STEEL WORKS (KL) BHD

www.masteel.com.my

(Company No. 7878-V)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Malaysia Steel Works (KL) Bhd (“**Masteel**” or the “**Company**”) will be convened at Dewan Perdana, Level 2, Convention Centre, Grand Bluewave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 15 June 2017 at 4.00 p.m., or immediately after the conclusion or adjournment (as the case may be) of the 45th Annual General Meeting of the Company which will be held at the same venue and on the same day at 3.00 p.m., whichever is later, or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following ordinary resolution:-

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 53,791,760 NEW ORDINARY SHARES IN MASTEEL (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 5 EXISTING ORDINARY SHARES HELD IN MASTEEL (“MASTEEL SHARE(S)” OR “SHARE(S)”) ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE”)

“**THAT**, subject to the approvals of all relevant regulatory authorities and parties for the listing of and quotation for the Bonus Shares, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to capitalise up to RM26,895,880 out of the Company’s share premium account, and to apply the same for the purposes of issuing up to 53,791,760 Bonus Shares in the share capital of the Company, credited as fully paid-up to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the entitlement date to be determined by the Board and announced later on the basis of 1 Bonus Share for every 5 existing Masteel Shares held by such shareholders;

THAT fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deems fit and expedient in the best interest of the Company;

THAT the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Masteel Shares, save and except that the Bonus Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date for the said distributions precedes the date of allotment and issuance of such Bonus Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue.”

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)

TAN AI NING (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

31 May 2017

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 2 proxies to attend, participate, speak and vote on his (her) behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.*
2. *Where a member appoints 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 24 hours before the time appointed for the taking of the poll at the EGM or any adjournment thereof. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the EGM or Adjourned EGM.*
6. *Pursuant to paragraph 8.29A(1) of the Listing Requirements, the resolution set out in the Notice of EGM will be put to vote by poll.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 7 June 2017 (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.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Masteel

MALAYSIA STEEL WORKS (KL) BHD

www.masteel.com.my

(Company No. 7878-V)

(Incorporated in Malaysia)

PROXY FORM

*I/We..... (NRIC No./Company No.....)
of
being a member of **MALAYSIA STEEL WORKS (KL) BHD** hereby appoint the *Chairman of the Meeting or (NRIC No.)
of
failing whom (NRIC No.)
of
as my/our proxy(ies) to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be convened at Dewan Perdana, Level 2, Convention Centre, Grand Bluewave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 15 June 2017 at 4.00 p.m., or immediately after the conclusion or adjournment (as the case may be) of the 45th Annual General Meeting of the Company which will be held at the same venue and on the same day at 3.00 p.m., whichever is later, or any adjournment thereof.

*Please delete the words "Chairman of the Meeting" if you wish to appoint other person(s) to be your proxy/proxies. *My/*Our proxy(ies) is/are to vote as indicated below:-

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Bonus Issue		

(Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his (her) discretion.)

Dated thisday of2017

Number of shares held	CDS Account No.

For appointment of two proxies, percentage of shareholdings to be represented by proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

.....
[Signature(s) / Common Seal of Shareholder(s)]

[*Delete if not applicable]

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 2 proxies to attend, participate, speak and vote on his (her) behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
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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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 24 hours before the time appointed for the taking of the poll at the EGM or any adjournment thereof. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the EGM or Adjourned EGM.
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Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 31 May 2017.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here
