

MALAYSIA STEEL WORKS (KL) BHD (“MASTEEL” OR THE “COMPANY”)

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF MASTEEL PURSUANT TO THE CONDITIONAL SHARE SUBSCRIPTION AGREEMENT WITH MACQUARIE BANK LIMITED (“PROPOSED PRIVATE PLACEMENT”)

The terms used herein, unless the context otherwise states, shall bear the same meaning as those defined in the Company’s announcement dated 25 May 2017 in relation to the Proposed Private Placement.

1. INTRODUCTION

We refer to the announcements made by the Company on 25 May 2017, 26 May 2017 and 9 June 2017 in relation to the Proposed Private Placement (“**Announcements**”).

Further to the Announcements, on behalf of the Board, RHB Investment Bank wishes to announce that the Company had on 17 July 2017 entered into a conditional share subscription agreement (“**Subscription Agreement**”) with Macquarie Bank Limited (“**Macquarie Bank**” or the “**Investor**”) in relation to the issuance and allotment of up to 24,300,000 Placement Shares to the Investor in accordance with the terms and conditions of the Subscription Agreement.

2. INFORMATION ON MACQUARIE BANK

Macquarie Bank Limited (ACN 008 583 542) is a company incorporated under the laws of Australia and having its registered office at Level 6, 50 Martin Place, Sydney NSW 2000, Australia. Macquarie Bank is a subsidiary of Macquarie Group Limited (ACN 122 169 279) and is regulated by the Australian Prudential Regulation Authority as an Authorised Deposit-taking Institution.

The principal activity of Macquarie Bank and its subsidiaries is to act as a full service financial services provider offering a range of commercial banking and retail financial services in Australia and selected financial services offshore.

(Source: Macquarie Bank)

3. DETAILS OF THE SUBSCRIPTION AGREEMENT

Pursuant to the Subscription Agreement, up to 24,300,000 Placement Shares will be issued in multiple tranches.

- (i) 1st Tranche : up to 14.5 million Placement Shares to be issued in several stages; and
- (ii) 2nd Tranche : up to 9.8 million Placement Shares to be issued in several stages, conditional upon the Company giving notice to the Investor to proceed with the 2nd Tranche and the Investor agreeing thereto. Subscription of the Placement Shares under the 2nd Tranche shall not commence until subscription of the Placement Shares under the 1st Tranche has been completed.

The Placement Shares may be subscribed by the Investor at any time within 12 months from the date on which the conditions precedent therein are satisfied (“**Subscription Expiry Date**”), subject to the terms of the Subscription Agreement and any extended period as may be approved by Bursa Securities.

The details of the Subscription Agreement are as follows:-

(a) Key terms of the Subscription Agreement

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| Issuer | : Masteel |
| Investor | : Macquarie Bank |
| Subscription Date | : Any date that Macquarie Bank sends a subscription notice to Masteel |
| Conditions Precedent to the subscription of Placement Shares | <p>: Conditions Precedent to the subscription will include but not be limited to:-</p> <ul style="list-style-type: none">(a) the Investor notifying the issuer that it is satisfied with the results of the due diligence investigations;(b) the Investor obtaining all necessary internal approvals to proceed with the transaction as contemplated in the Subscription Agreement;(c) Masteel obtaining all necessary resolution(s) to approve, implement and effect the transactions contemplated by the Subscription Agreement (including but not limited to a resolution to authorise the directors of the Issuer to allot and issue the Placement Shares) which have been passed at a duly convened general meeting of Masteel;(d) Masteel obtaining all necessary authorisations for the issue and delivery and listing of the Placement Shares and to approve, implement and effect the transactions contemplated by the Subscription Agreement have been obtained or made and are all in full force and effect, provided that where any authorisation is subject to any conditions, such conditions being acceptable to the Parties. <p>On 9 June 2017, Masteel obtained the approval from Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities;</p> <ul style="list-style-type: none">(e) all filings related to the transaction has been duly completed; and(f) there having been delivered to the Investor opinions as to Malaysian law, in form and substance satisfactory to the Investor, confirming the legality and enforceability of the transaction. |
| Subscription Period | : The subscription period shall commence from and including the date on which Masteel delivers to the Investor evidence of satisfaction of the conditions precedent of the Subscription Agreement of which shall not be later than 2 months from the date of the Subscription Agreement to and excluding the Subscription Expiry Date (as defined below). |

Subscription Price : On each subscription date, the subscription price of each Placement Share shall be an amount equal to 91%* of the average of the daily VWAP of the Shares as traded on the stock exchange of Malaysia during the 5 consecutive trading days immediately preceding the relevant Subscription Date calculated to 3 decimal places, rounded down. In any event, the Subscription Price shall not be less than the Floor Price unless otherwise agreed between the parties pursuant to the terms and conditions of the Subscription Agreement (as defined below).

** This represents a discount of not more than 10% to the 5-day VWAP immediately preceding the price-fixing date in accordance to Paragraph 6.04 (a) of the Main Market Listing Requirements of Bursa Securities.*

Committed Subscription : Subject to the Subscription Total (as defined below) and the terms and conditions of the Subscription Agreement, the Investor is committed to subscribing to a minimum number of ordinary shares which shall be at least 12% of the traded volume of Masteel Shares on the days of which Bursa Securities is open for trading ("**Trading Day(s)**") in the Subscription Period ("**Minimum Subscription Shares**"), excluding any unqualified Trading Days and any day on which Masteel has exercised its right of Subscription Rejection (as defined below).

Subscription Total : Up to 14,500,000 Placement Shares as per the 1st Tranche. If Masteel has issued and delivered the notice to proceed with the 2nd Tranche and the Investor has accepted, up to 24,300,000 Placement Shares.

Unqualified Trading Day : A trading day on which any of the following events, as determined by Macquarie Bank, occurs:

- (a) where the traded price of Masteel Shares during any time of such trading day is either;
 - (i) below 110% of the Floor Price; or
 - (ii) below 90% of the closing price on the preceding trading day;
- (b) when a market disruption event or a disruption event (as defined in the Subscription Agreement) occurs during any time of such trading day;
- (c) when the traded volume of Masteel Shares on such trading day is 300% or more of the average traded volume of the immediately preceding 10 trading days;
- (d) where there are Placement Shares that have not been delivered to the Investor's account in accordance with the terms of the Subscription Agreement;

- (e) an event that would require the Investor to undertake a take-over offer for all or substantially all of Masteel Shares and other securities that the Investor does not already hold in Masteel under the Rules on Takeovers, Mergers and Compulsory Acquisition or any other applicable law or regulations, or breach any foreign ownership limit imposed by the relevant authorities in Malaysia;
- (f) in the event Masteel breaches its obligation and provides non-public information to the Investor or its representatives, and such breach is continuing;
- (g) the Company delivers a Subscription Rejection (as defined below); or
- (h) any trading day after the day on which subscription of all of the Placement Shares in the 1st Tranche have been completed, but before the Investor delivers the first subscription notice to subscribe for Placement Shares under the 2nd Tranche.

Subscription Rejection : If the aggregate number of the Placement Shares subscribed on any single Trading Day exceeds 2,000,000 shares, Masteel may reject the subscription of the placement shares in excess of 2,000,000 shares by issuing a notice as prescribed in the Subscription Agreement.

Subscription Payment Amount : Amount payable for the subscription of Masteel Shares by the Investor shall be an amount equal to the Subscription Price multiplied by the number of Placement Shares, and shall be indicated in the Subscription Notice to be delivered by the Investor to Masteel.

Floor Price : RM0.75. Unless otherwise agreed upon by the parties to the Subscription Agreement, the Subscription Price cannot be lower than the Floor Price.

Subscription Expiry Date : The Subscription Agreement will expire 12 months from the date on which the conditions precedent are satisfied.

Early Termination : The Investor may immediately terminate the Subscription Agreement by written notice to Masteel following the occurrence of an Event of Default or if it is not reasonably satisfied with the results of its current investigations into the affairs of the Masteel Group pursuant to the terms and conditions of the Subscription Agreement.

Masteel may terminate the Subscription Agreement at any time by issuing a written notice to the Investor not less than 5 trading days prior to the termination taking effect ("**Notice Period**").

The Investor shall have the right to subscribe to Masteel Shares during the Notice Period, subject to the approval of Masteel being obtained for such subscription.

Early Termination Fees – If Masteel fails to fulfil the conditions set out in the Subscription Agreement or unilaterally elects to terminate the Subscription Agreement prior to 20% of the total placement shares are subscribed, before the Subscription Expiry Date or does not perform its obligations under the Subscription Agreement or breaches any of the terms of the Subscription Agreement, Masteel shall pay the Investor a fee of RM 65,000 no later than 15 calendar days after receiving a letter or notice of demand from the Investor. Such fee shall constitute reimbursement for the costs, including but not limited to the external legal and due diligence costs, incurred by the Investor in connection with the transactions.

Right of First Refusal : Subject to the terms of the Subscription Agreement, the Investor shall be offered the right of first refusal to arrange and participate in any future financing transactions entered into or proposed to be entered into by Masteel which are substantially similar to the transactions contemplated herein (including any transactions contemplated by way or debt or equity financing facilities) which the Investor is permitted by law to participate or enter into. This right of first refusal shall survive post termination of the Subscription Agreement until 12 calendar months after such termination.

The Investor is not obliged to act in relation to any financing activity and in any event if for any reason the Investor does not act on any particular financing activity, it does not prejudice the rights of the Investor of its rights of first refusal in respect of any subsequent activity.

Governing law of : Laws of Malaysia
Subscription Agreement

4. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal office hours at the registered office of Masteel 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 from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 17 July 2017.