

PRESS RELEASE

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**MASTEEL SIGNS UNDERWRITING AGREEMENT FOR ITS RIGHTS ISSUE WITH
WARRANTS EXERCISE TO RAISE RM89.41 MILLION**

Fully underwritten rights issue will position Masteel for future growth

Kuala Lumpur, 2 SEPTEMBER 2021 – Malaysia Steel Works (KL) Bhd (“**Masteel**” or the “**Company**”), a producer of steel billets and steel bars in Malaysia, has today signed an underwriting agreement with M&A Securities Sdn Bhd, as Managing Underwriter in conjunction with its Rights Issue with Warrants exercise. The other Co-Underwriters are BIMB Securities Sdn Bhd, Malacca Securities Sdn Bhd and Inter-Pacific Securities Sdn Bhd.

Masteel has earlier on 8 February 2021 obtained its shareholders’ approval for the rights issue of up to 226,369,915 new ordinary shares (“**Rights Shares**”) together with up to 226,369,915 free detachable warrants (“**Warrant(s)**”) on the basis of 1 Rights Share for every 2 existing Masteel shares together with 1 Warrant for every 1 Rights Share subscribed (“**Rights Issue with Warrants**”). The issue price of the Rights Shares and exercise price of the Warrants were each fixed at RM0.395; and represents a 28% discount to the last traded price per share of RM0.55 on 1 September 2021 and a 16% discount to the theoretical ex-all price per share of RM0.47.

TYT Resources Sdn Bhd, who is the Company’s largest shareholder has undertaken to subscribe for its full entitlement to the Rights Issue with Warrants. Coupled with commitment from the underwriters, this effectively means that the Rights Issue with Warrants is fully underwritten.

Following the Rights Issue with Warrants, the Company will immediately have access to RM89.41 million. Of the funds raised, RM10.00 million will be used for the repayment of existing bank borrowings, RM76.81 million to fund the Company’s working capital requirements, and the balance RM2.60 million to defray expenses of the Rights Issue with Warrants. In addition, the full exercise of the Warrants will also enable Masteel to raise a further RM89.41 million in the future.

Masteel Managing Director/Chief Executive Officer Dato’ Sri Tai Hean Leng said, “We are pleased with the support which we have received from the underwriters for our Rights Issue with Warrants. The funds raised under the Rights Issue with Warrants will allow the Company to accelerate its growth path, as one of the key objectives of the Rights Issue with Warrants is to provide the Company with additional working capital in anticipation of the expected increase in demand for steel, as the steel industry is poised to recover and continue its upward momentum.

Upon the successful commissioning of its 3rd manufacturing plant in the 1Q 2021, Masteel will be able to increase its productivity and expand the versatility of the Group’s product range to eventually include alloy and stainless steel. In addition, this latest steel melting technology will optimize the Company’s cost efficiency and enable the Company to be better prepared and cope with the current unprecedented economic impact arising from the global COVID-19 pandemic.

Dato' Sri Tai concluded: "The issuance of rights shares along with the free warrants would increase the number of Masteel shares in circulation, as well as enhance the liquidity and marketability of our shares. This Corporate Exercise provides shareholders with the option to increase their participation within the Company and benefit from our future growth."

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About Malaysia Steel Works (KL) Bhd ("Masteel")

Masteel was incorporated in Malaysia under the Companies Act 1965 on 25 March 1971 and is deemed registered under the Companies Act 2016. Masteel has been listed on the Main Market of Bursa Malaysia Securities Berhad since 2005 under the stock name : Masteel, and stock code : 5098.

Masteel is a producer of steel billets and steel bars in Malaysia with modern and fully computerised equipment to produce precision quality products. For more information on Masteel, please log on to <http://www.masteel.com.my/>

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