

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium Jalan Damania, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur (Tel: 03-2084 9000).

This Abridged Prospectus, together with the NPA and RSF are only despatched to Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 29 September 2021. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Our Company, our Principal Adviser and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends this Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for this Rights Issue with Warrants has been obtained from our shareholders at our EGM held on 23 March 2021. Approval has also been obtained from Bursa Securities via its letter dated 15 January 2021 for the admission of the Rights Shares with Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new Masteel Shares to be issued pursuant to the exercise of the Warrants ("New Securities"). The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have been duly credited with the Rights Shares and Warrants allotted to them and notices of allotment have been despatched to them. However, the approval from Bursa Securities for the admission of the Rights Shares and Warrants to the Official List of Bursa Securities and the listing of and quotation for the New Securities on the Main Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue with Warrants.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS ABRIDGED PROSPECTUS.

Masteel

MALAYSIA STEEL WORKS (KL) BHD

(Registration No. 197101000213 (7878-V))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF 226,369,915 NEW ORDINARY SHARES IN MALAYSIA STEEL WORKS (KL) BHD ("MASTEEL" OR "COMPANY") ("RIGHTS SHARES") TOGETHER WITH 226,369,915 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING ORDINARY SHARES HELD IN MASTEEL TOGETHER WITH 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, AT 5.00 P.M. ON 29 SEPTEMBER 2021 AT AN ISSUE PRICE OF RM0.395 PER RIGHTS SHARE ON A FULL SUBSCRIPTION BASIS ("RIGHTS ISSUE WITH WARRANTS")

Principal Adviser and Managing Underwriter



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Co-Underwriters



BIMB SECURITIES SDN BHD

Registration No. 199401004484 (290163-X)
(A Participating Organisation of Bursa Malaysia)

MALACCA SECURITIES SDN BHD

Registration No. 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Registration No. 197201001092 (12738-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Wednesday, 29 September 2021 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Wednesday, 6 October 2021 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Friday, 8 October 2021 at 4.30 p.m.
Last date and time for acceptance and payment	: Thursday, 14 October 2021 at 5.00 p.m.
Last date and time for excess application and payment	: Thursday, 14 October 2021 at 5.00 p.m.

This Abridged Prospectus is dated 29 September 2021

OUR BOARD OF DIRECTORS HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

M&A SECURITIES SDN BHD, BEING THE PRINCIPAL ADVISER FOR THIS RIGHTS ISSUE WITH WARRANTS, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA, FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES, THE FOLLOWING DEFINITIONS AND ABBREVIATIONS SHALL APPLY THROUGHOUT THIS ABRIDGED PROSPECTUS, NPA AND RSF:

"Abridged Prospectus"	: This Abridged Prospectus issued by Masteel dated 29 September 2021 in relation to the Rights Issue with Warrants
"Act"	: Companies Act 2016
"ATM"	: Automated teller machine
"Authorised Nominee(s)"	: A person(s) who is authorised to act as a nominee as defined under the Rules of Bursa Depository
"BIMB Securities"	: BIMB Securities Sdn Bhd (Registration No. 199401004484 (290163-X))
"Board"	: Board of Directors of Masteel
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	: Compound Annual Growth Rate
"CDS Account(s)"	: Central depository system account(s), which is/are a securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the rules of Bursa Depository for the recording of depositors of securities and for dealings in such securities by the depositor
"Closing Date"	: Thursday, 14 October 2021 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares and the Excess Rights Shares with Warrants
"CMSA"	: Capital Markets and Services Act, 2007
"Code"	: Malaysian Code on Take-Overs and Mergers, 2016
"Constitution"	: Constitution of our Company
"COVID-19"	: Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Co-Underwriter(s)"	: Collectively, BIMB Securities, Malacca Securities and Inter-Pacific Securities
"Deed Poll"	: Deed poll dated 7 May 2021 constituting the Warrants and governing the rights of Warrant holders
"Documents"	: Collectively, this Abridged Prospectus and the accompanying NPA and RSF
"ECRL"	: East Coast Rail Link
"EGM"	: Extraordinary general meeting
"Entitled Shareholders"	: Shareholders of Masteel whose names appear in the Record of Depositors of Masteel on the Entitlement Date
"Entitlement Date"	: At 5.00 p.m on 29 September 2021, being the time and date which the Entitled Shareholders must appear in the Record of Depositors of Masteel in order to be entitled to participate in the Rights Issue with Warrants

DEFINITIONS (Cont'd)

"EPS"	: Earnings per Share
"Electronic Application"	: Application for Rights Shares with Warrants through the ATMs and internet financial services website of Participating Financial Institutions
"Excess Rights Share(s) with Warrant(s)"	: Rights Share(s) together with Warrant(s) which are not taken up or not validly taken up by the Entitled Shareholder(s) and/or their renouncee(s) and/or transferee(s) (if applicable) prior to the Closing Date
"First Supplemental Deed Poll"	: First supplemental deed poll dated 2 September 2021 to supplement and vary the Deed Poll for the revision of the issue price of the Rights Shares from RM0.586 to RM0.395
"FPE"	: Financial period ended/ending
"FYE"	: Financial year ended/ending 31 December, where relevant
"GDP"	: Gross domestic product
"Government"	: Government of Malaysia
"HOC"	: Home Ownership Campaign
"IMR" or "Smith Zander"	: Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V))
"IMR Report"	: Independent market research report titled "Independent Market Research Report on the Steel Industry in Malaysia" prepared by the IMR
"Inter-Pacific Securities"	: Inter-Pacific Securities Sdn Bhd (Registration No. 197201001092 (12738-U))
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LAT"	: Loss after tax
"LBT"	: Loss before tax
"LPD"	: 30 August 2021, being the latest practicable date prior to the issuance of this Abridged Prospectus
"LPS"	: Loss per Share
"MCO"	: Movement control order (including all versions and phases) issued by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"Market Day(s)"	: A day on which the stock market of Bursa Securities is open for trading of securities
"Masteel" or "Company"	: Malaysia Steel Works (KL) Bhd (Registration No. 197101000213 (7878-V))
"Masteel Group" or "Group"	: Masteel and its subsidiaries, collectively
"Masteel Share(s)" or "Share(s)"	: Ordinary share(s) in Masteel
"Malacca Securities"	: Malacca Securities Sdn Bhd (Registration No. 197301002760 (16121-H))
"MITI"	: Ministry of International Trade and Industry
"MT"	: Metric tonnes

DEFINITIONS (Cont'd)

"M&A Securities" or "Principal Adviser" or "Managing Underwriter"	: M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"NA"	: Net assets
"NPA"	: Notice of provisional allotment of Rights Shares with Warrants pursuant to the Rights Issue with Warrants
"NRP"	: National Recovery Plan by the Government to address the COVID-19 situation in Malaysia
"NRS"	: Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares through Bursa Depository's existing network facilities with the Authorised Nominees
"Participating Financial Institutions"	: Participating financial institutions for Electronic Applications as referred to in Section 9.5.2 of this Abridged Prospectus
"Provisional Allotments"	: Rights Shares with Warrants provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants
"PAT"	: Profit after tax
"PBT"	: Profit before tax
"Rights Share(s)"	: 226,369,915 new Masteel Share(s) to be issued pursuant to the Rights Issue with Warrants
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"RSF"	: Rights subscription form in relation to the Rights Issue with Warrants
"Rules"	: The Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
"SC"	: Securities Commission Malaysia
"SEAISI"	: South East Asia Iron and Steel Institute
"Share Registrar"	: Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T))
"SICDA"	: Securities Industry (Central Depositories) Act, 1991
"TYT" or "Undertaking Shareholder"	: TYT Resources Sdn Bhd (Registration No. 196501000688 (6479-X)), our major shareholder
"Undertaking"	: Irrevocable and unconditional written undertaking by TYT to subscribe for its entitlement of 70,346,308 Rights Shares with 70,346,308 Warrants
"Underwriting Agreement"	: Underwriting agreement dated 2 September 2021 entered into between our Company, the Managing Underwriter and the Co-Underwriters for the underwriting of the remaining 156,023,607 Rights Shares with 156,023,607 Warrants of which no irrevocable and unconditional undertaking has been obtained

DEFINITIONS (Cont'd)

"Warrant(s)"	: 226,369,915 free detachable warrant(s) to be issued pursuant to the Rights Issue with Warrants
"Warrants Exercise Price"	: RM0.395, being the price at which 1 Warrant is exercisable into 1 new Masteel Share, subject to adjustments in accordance with the provisions of the First Supplemental Deed Poll
"YOY"	: Year-on-year
"5D-VWAMP"	: 5-day volume weighted average market price

In this Abridged Prospectus, all references to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute, guideline, listing requirement or enactment shall be a reference to such statute, guideline, listing requirement or enactment for the time being in force or as amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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ADVISERS' DIRECTORY

PRINCIPAL ADVISER AND MANAGING UNDERWRITER : M&A Securities Sdn Bhd

Level 11, No. 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: 03-2284 2911

CO-UNDERWRITERS : BIMB Securities Sdn Bhd

Menara Multi Purpose
Jalan Munshi Abdullah
City Centre
50100 Kuala Lumpur

Telephone number: 03-2613 1700

Malacca Securities Sdn Bhd

No. 1, 3 & 5, Jalan PPM 9
Plaza Pandan Malim, (Business Park)
Balai Panjang
75250 Melaka

Telephone number: 06-337 1533

Inter-Pacific Securities Sdn Bhd

West Wing, Level 13
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

Telephone number: 03-2117 1888

SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS : Tan, Goh & Associates

Unit 821, 8th Floor, Block A, Lift Lobby 6
Damansara Intan, No. 1, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

Telephone number: 03-7727 7228

COMPANY SECRETARIES

: Tai Yit Chan
(SSM Practicing Certificate No. 202008001023)
(MAICSA 7009143)

Tan Ai Ning
(SSM Practicing Certificate No. 202008000067)
(MAICSA 7015852)

ADVISERS' DIRECTORY (Cont'd)

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 Telephone number: 03-7955 7889
SHARE REGISTRAR	: Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Telephone number: 03-2084 9000
REPORTING ACCOUNTANTS	: RSM Malaysia 5 th Floor, Penthouse, Wisma RKT Block A, No. 2, Jalan Raja Abdullah Off Jalan Sultan Ismail 50300 Kuala Lumpur Telephone number: 03-2610 2888 Partner's Name: Lou Hoe Yin Approved Number: 03120/04/2022 J Malaysia Institute of Accountants Number: CA33392
INDEPENDENT MARKET RESEARCHER	: Smith Zander International Sdn Bhd 15-01, Level 15 Menara MBMR 1, Jalan Syed Putra 58000 Kuala Lumpur Telephone number: 03-2732 7537 Managing Partner's name: Dennis Tan Tze Wen <i>(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)</i>
STOCK EXCHANGE LISTING	: Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Information	Section	Summary
Summary	2.1	<p><u>Rights Issue with Warrants</u></p> <p>Basis of the Rights Issue with Warrants : 1 Rights Share for every 2 Masteel Shares held, together with 1 Warrant for every 1 Rights Share subscribed</p> <p>Number of issued Shares as at LPD : 452,739,831 issued Shares</p> <p>Number of Right Shares and Warrants : 226,369,915 Rights Shares and 226,369,915 Warrants</p> <p>Amount to be raised under the Rights Issue with Warrants : RM89,416,116</p> <p>The salient terms of the Warrants are set out in Section 2.4 of this Abridged Prospectus.</p> <p>It is the intention of our Board to allot the Excess Rights Shares with Warrants in the following priority:</p> <ul style="list-style-type: none"> (i) Firstly, to minimise the incidence of odd lots; (ii) Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date; (iii) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants application; and (iv) Fourthly, for allocation to transferee(s); and/or renouncee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants application.
Issue price of the Rights Shares and Warrants Exercise Price	2.2	<p><u>Issue price of the Rights Shares</u> Our Board has fixed the issue price of the Rights Shares at RM0.395 each.</p> <p><u>Warrants Exercise Price</u> Our Board has fixed the exercise price at RM0.395 each.</p>
Undertaking and underwriting arrangements	2.5	<p><u>Undertaking</u> TYT has provided an irrevocable and unconditional written undertaking by TYT to subscribe for its entitlement of 70,346,308 Rights Shares.</p> <p><u>Underwriting arrangements</u> Managing Underwriter and Co-Underwriters will underwrite the balance 156,023,607 Rights Shares under the Rights Issue with Warrants.</p>

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (Cont'd)

Information	Section	Summary																				
Utilisation of proceeds	4.1	<p>The details of the utilisation of gross proceeds are as follows:</p> <table><thead><tr><th>Details</th><th>RM'000</th><th>%</th><th>Expected timeframe for utilisation from listing of Rights Shares</th></tr></thead><tbody><tr><td>Repayment of bank borrowings</td><td>10,000</td><td>11.2</td><td>Within 12 months</td></tr><tr><td>Working capital</td><td>76,816</td><td>85.9</td><td>Within 12 months</td></tr><tr><td>Estimated expenses</td><td>2,600</td><td>2.9</td><td>Within 1 month</td></tr><tr><td>Total</td><td>89,416</td><td>100.0</td><td></td></tr></tbody></table>	Details	RM'000	%	Expected timeframe for utilisation from listing of Rights Shares	Repayment of bank borrowings	10,000	11.2	Within 12 months	Working capital	76,816	85.9	Within 12 months	Estimated expenses	2,600	2.9	Within 1 month	Total	89,416	100.0	
Details	RM'000	%	Expected timeframe for utilisation from listing of Rights Shares																			
Repayment of bank borrowings	10,000	11.2	Within 12 months																			
Working capital	76,816	85.9	Within 12 months																			
Estimated expenses	2,600	2.9	Within 1 month																			
Total	89,416	100.0																				
Risk factors	5	<p>You should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:</p> <p>(i) Our continued success will depend significantly on the abilities and continued efforts of our Directors and senior management;</p> <p>(ii) The COVID-19 outbreak and/or lockdown or similar measures may have a material adverse impact on the industry in which our Group operates;</p> <p>(iii) We are susceptible to any adverse movements in borrowing costs;</p> <p>(iv) We face certain operational risks which are inherent in the manufacturing industry which include, amongst others, disruption of electricity supply and fire hazards;</p> <p>(v) We are exposed to fluctuations in raw material prices; and</p> <p>(vi) Demand for our steel products is, to some extent, dependent on the domestic construction industry, which is sensitive to the overall economic conditions in Malaysia.</p>																				
Procedures for acceptance and payment	9	<p>You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares with Warrants, if you choose to do so, using either of the following methods:</p> <table><thead><tr><th>Method</th><th>Category of Entitled Shareholders</th></tr></thead><tbody><tr><td>RSF</td><td>All Entitled Shareholders</td></tr><tr><td>Electronic Application</td><td>All Entitled Shareholders</td></tr><tr><td>NRS</td><td>Authorised Nominee who has subscribed for NRS</td></tr><tr><td>Bursa Anywhere</td><td>All Entitled Shareholders who have registered for Bursa Anywhere</td></tr></tbody></table> <p>Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for each application method in Section 9.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and excess applications is on Thursday, 14 October 2021 at 5.00 p.m., being the Closing Date.</p>	Method	Category of Entitled Shareholders	RSF	All Entitled Shareholders	Electronic Application	All Entitled Shareholders	NRS	Authorised Nominee who has subscribed for NRS	Bursa Anywhere	All Entitled Shareholders who have registered for Bursa Anywhere										
Method	Category of Entitled Shareholders																					
RSF	All Entitled Shareholders																					
Electronic Application	All Entitled Shareholders																					
NRS	Authorised Nominee who has subscribed for NRS																					
Bursa Anywhere	All Entitled Shareholders who have registered for Bursa Anywhere																					

Masteel

MALAYSIA STEEL WORKS (KL) BHD

(Registration No. 197101000213 (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

29 September 2021

Directors:

Dato' Ikhwan Salim Bin Dato' Haji Sujak (*Chairman – Independent Non-Executive*)
Dato' Sri Tai Hean Leng @ Tek Hean Leng (*Managing Director/Chief Executive Officer*)
Lau Yoke Leong (*Executive Director/Chief Financial Officer*)
Ong Teng Chun (*Executive Director*)
Ng Wah Lok (*Senior Independent Non-Executive Director*)
Roy Thean Chong Yew (*Independent Non-Executive Director*)
Muhammad Hanizam Bin HJ. Borhan (*Independent Non-Executive Director*)
Ng Siew Peng (*Executive Director*)

To: Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On 7 December 2020, M&A Securities had, on behalf of our Board, announced that our Company proposes to undertake the Rights Issue with Warrants.

On 18 January 2021, M&A Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 15 January 2021 approved-in-principle the following:

- (i) admission to the Official List and listing of up to 226,369,915 Warrants to be issued pursuant to the Rights Issue with Warrants;
- (ii) listing of up to 226,369,915 Rights Shares to be issued pursuant to the Rights Issue with Warrants; and
- (iii) listing of up to 226,369,915 new Masteel Shares to be issued pursuant to the exercise of the Warrants.

Bursa Securities' approval-in-principle is subject to the following conditions:

	Conditions	Status of Compliance
(i)	Masteel and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be complied
(ii)	Masteel and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(iii)	Masteel to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(iv)	Masteel to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 23 March 2021, our shareholders approved the Rights Issue with Warrants.

On 6 May 2021, M&A Securities had, on behalf of our Board, announced that our Board has resolved to fix the issue price for the Rights Shares at RM0.586 per Rights Share, and the exercise price of the Warrants at RM0.586 per Warrant.

On 6 July 2021, M&A Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 6 July 2021 resolved to grant us an extension of time until 14 January 2022 to complete the implementation of the Rights Issue with Warrants.

On 19 August 2021, M&A Securities had, on behalf of our Board, announced our Board has resolved to revise the issue price for the Rights Shares from RM0.586 to RM0.395 per Rights Share, and the exercise price of the Warrants from RM0.586 to RM0.395 per Warrant to implement the Rights Issue with Warrants at a more optimum price level which is at a discount as detailed in Section 2.2 to encourage the participation of Entitled Shareholders.

On 13 September 2021, on our behalf, M&A Securities announced the Entitlement Date and the other relevant dates pertaining to the Rights Issue with Warrants.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

You are advised to read, understand and consider carefully the contents of this Abridged Prospectus which sets out the details and risk factors associated with the Rights Issue with Warrants. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants involves a renounceable rights issue of 226,369,915 Rights Shares together with 226,369,915 Warrants at an issue price of RM0.395 per Rights Share on the basis of 1 Rights Share together with 1 free Warrant for every 2 existing Masteel Shares held by Entitled Shareholders on the Entitlement Date on a full subscription basis.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and a RSF which is to be used for the acceptance of the Provisional Allotments, and for the application of any Excess Rights Shares with Warrants under excess application, should you wish to do so. You may also subscribe for such Provisional Allotments and Excess Rights Shares with Warrants via Electronic Application in accordance with the instructions set out in Section 9.5.2 of this Abridged Prospectus.

Only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants are attached to the Rights Shares without any cost, and shall only be issued to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who subscribe for the Rights Shares. The Warrants are exercisable into new Masteel Shares and each Warrant will entitle the Warrant holder to subscribe for 1 new Masteel Share at the Warrants Exercise Price. The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll and First Supplemental Deed Poll. The salient terms of the Warrants are set out in Section 2.4 of this Abridged Prospectus.

Any dealing in our securities will be subject to, amongst others, the provisions of the SICDA, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants of the Rights Shares with Warrants.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. However, the Rights Shares and Warrants cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants attached thereto. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in proportion of their acceptance to the Rights Shares entitlements. The Rights Shares and Warrants which are not taken up or invalidly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s).

2.2 Basis and justification of determining the issue price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

Our Board has fixed the issue price of the Rights Shares at RM0.395 per Rights Share, which represents a discount of 24.3% to the 5D-VWAMP of Masteel Shares up to and including 18 August 2021, being the last trading day prior to the price-fixing date of 19 August 2021, of RM0.5215.

The issue price was fixed after taking into consideration the following:

- (a) Funding requirements of our Group as set out in Section 4.1 of this Abridged Prospectus;
- (b) The historical share price of Masteel; and
- (c) The 5D-VWAMP of Masteel Shares up to and including 18 August 2021 of RM0.5215.

The issue price was considered by our Board as reasonable in terms of the discount percentage, so as to encourage participation by Entitled Shareholders and/or their renounce(s) and/or transferee(s), so that the funding objectives as set out in Section 4 may be met.

(ii) Warrants

Our Board has fixed the Warrants Exercise Price at RM0.395 per Warrant, which represents a discount of approximately 13.8% to RM0.4583, being the theoretical ex-all price of Masteel Shares, based on the 5D-VWAMP of Masteel Shares up to and including 18 August 2021, being the last trading day prior to the price-fixing date of 19 August 2021, of RM0.5215. The discount is given to encourage future equity participation by subscribers of the Rights Shares.

The exercise price was fixed after taking into consideration the following:

- (a) The 5D-VWAMP of Masteel Shares up to and including 18 August 2021 of RM0.5215; and
- (b) The theoretical ex-all price of Masteel Shares of RM0.4583.

The Warrants are attached to the Rights Shares without any cost and will be issued in proportion to the Rights Shares subscribed by the Entitled Shareholders.

2.3 Ranking of the Rights Shares and the new Masteel Shares to be issued arising from the exercise of the Warrants

The Rights Shares shall upon allotment and issuance, rank equally in all respects with the then existing Masteel Shares except that the holders shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares.

The new Masteel Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Masteel Shares except that the holders shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the relevant date of allotment and issuance of the new Masteel Shares arising from the exercise of the Warrants.

2.4 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms	Details
Number of Warrants	: 226,369,915 new Warrants arising from the Rights Issue with Warrants, each carrying the right to subscribe for one new Share during the Exercise Period at the Exercise Price, subject to the terms and conditions of the Deed Poll and First Supplemental Deed Poll.
Detachability	: The Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.
Exercise Price	: The basis of determining the exercise price of the Warrants is set out in Section 2.2(ii) above. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll and First Supplemental Deed Poll during the Exercise Period.
Exercise Period	: The period commencing on and including the date of issuance of the Warrants and ending at the close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the 5 th anniversary of the date of issuance, or if such is not Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Exercise Rights	: The rights conferred on a Warrant holder to subscribe for 1 new Masteel Share for each Warrant at any time during the Exercise Period and at the Exercise Price subject to the Deed Poll and First Supplemental Deed Poll.
Deed Poll and First Supplemental Deed Poll	: The Warrants are constituted by the Deed Poll and First Supplemental Deed Poll.
Board Lot	: The Warrants are tradeable upon listing in board lots of 100 units per board lot carrying rights to subscribe for 100 new Masteel Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Ranking of Warrants	: The Warrants shall as between the Warrant holders rank equally and rateably in all aspects amongst themselves.
Adjustments in the exercise price and/or number of new Warrants	: The exercise price and/ or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll and First Supplemental Deed Poll. If the Company in any way modify the rights attached to any share or loan capital which is not described in the Deed Poll and First Supplemental Deed Poll so as to convert or make convertible such share or loan capital into, or attached thereto any rights to acquire or subscribe for new shares, the Company must appoint the adviser or the auditors (who shall act as experts) to consider whether any adjustment is appropriate, and if the directors of the Company after such consultation determines that any adjustment is appropriate, the exercise price or the number of Warrants or both, will be adjusted accordingly.

Terms	Details
Modification	: The Company may, from time to time, subject to the terms and conditions of the Deed Poll and First Supplemental Deed Poll, without the consent or sanction of the Warrant holders, modify, amend or add to the Deed Poll, if such modification, amendment or addition made does not materially prejudice the interests of the Warrant holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia.
Participating rights of the holders of new Warrants in any distribution and/or offer of further securities	: The new Warrant holders are not entitled to any voting right or participation in any forms of distribution and/or offer of further securities in the Company until and unless such new Warrant holders exercise the new Warrants for the new Shares in accordance with the provisions of the Deed Poll and First Supplemental Deed Poll and such new Shares have been allotted and issued to the new Warrant holders. Each new Warrant holder shall be deemed to remain the registered holder of the new Warrants credited in his/her securities account until the name of the transferee is entered in the Record of Depositors.
Listing	: The Warrants and new Masteel Shares to be issued from the exercise of the Warrants will be listed on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities on 18 January 2021 for the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and new Masteel Shares to be issued from the exercise of the Warrants on the Main Market of Bursa Securities.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a member's voluntary winding up of the Company, or where there is a compromise or arrangement whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), every holder of the new Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (whichever is later), by irrevocable surrender of his/her new Warrants to the Company, elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/her new Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/she had on such date been the holder of the new Masteel Shares to which he/she would have been entitled to pursuant to such exercise. All Exercise Rights which has not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding-up, compromise or arrangement, as the case may be, will lapse and all the unexercised new Warrants will cease to be valid for any purpose.
Governing Law	: Laws of Malaysia.

2.5 Undertaking and underwriting arrangements

2.5.1 Undertaking

Our Board has procured irrevocable and unconditional written undertaking from TYY to subscribe for 70,346,308 Rights Shares pursuant to its entitlement as follows:

	Shareholding as at LPD		Undertaking to subscribe for its entitlement		
	No. of Shares	% [^]	No. of Rights Shares	No. of Warrants	% [*]
TYY	140,692,616	31.08	70,346,308	70,346,308	31.08

Notes:

[^] % shareholdings calculated based on 452,739,831 issued Shares.

^{*} Computed based on 226,369,915 Rights Shares and 226,369,915 Warrants to be issued pursuant to the Rights Issue with Warrants.

Pursuant to the Undertaking, the Undertaking Shareholder has confirmed that it has sufficient financial means and resources to subscribe in full for its entitlement. Such confirmation has been verified by M&A Securities, being the Principal Adviser for the Rights Issue with Warrants.

Additionally, the Undertaking Shareholder has confirmed that the Undertaking will not give rise to any mandatory take-over offer obligation pursuant to the Code and Rules immediately after the completion of the Rights Issue with Warrants. However, the Undertaking does not preclude TYY its right to subscribe for any excess Rights Shares.

The Undertaking Shareholder has also confirmed that they will at all times observe and ensure compliance with the provisions of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

There is no other pertinent condition in the Undertaking.

2.5.2 Underwriting arrangement

In order to achieve the full subscription basis, the Company had entered into the Underwriting Agreement with the Managing Underwriter and Co-Underwriters to underwrite the remaining 156,023,607 Rights Shares with 156,023,607 Warrants, amounting to approximately RM61.6 million for which no unconditional and irrevocable written undertaking to subscribe for the Rights Shares has been obtained. Details of the Underwriting are set out below:

Underwriter	Rights Shares to be underwritten		Shareholdings after the Underwriting ⁽²⁾		Funds required
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽³⁾	RM'000 ⁽⁴⁾
Managing Underwriter					
M&A Securities	80,074,242	35.4	80,074,242	11.8	31,629

Underwriter	Rights Shares to be underwritten		Shareholdings after the Underwriting⁽²⁾		Funds required
	No. of Shares	%⁽¹⁾	No. of Shares	%⁽³⁾	RM'000⁽⁴⁾
Co-Underwriters					
BIMB Securities	25,316,455	11.2	25,316,455	3.7	10,000
Malacca Securities	25,316,455	11.2	25,316,455	3.7	10,000
Inter-Pacific Securities	25,316,455	11.2	25,316,455	3.7	10,000
Total	156,023,607	69.0	156,023,607	22.9	61,629

Notes:

- (1) Based on 226,369,915 Rights Shares to be issued.
- (2) In the event that none of the Entitled Shareholders other than the Undertaking Shareholder shall apply for the Rights Shares.
- (3) Based on the enlarged 679,109,746 issued Masteel Shares.
- (4) Based on the issue price of RM0.395 per Rights Share.

For the avoidance of doubt, the Entitled Shareholders and/ or their renouncees (if any) (excluding the Managing Underwriter and Co-Underwriters), shall be given priority and shall first be allocated with all the excess Rights Shares and Warrants applied for, if any. Upon completion of such allocation, the Managing Underwriter and Co-Underwriters shall only then apply and be allocated for any remaining number of unsubscribed Rights Shares and Warrants.

The underwriting fees and commission payable by our Company is 3.0% of the total value of the Underwritten Shares, comprising 2.0% of underwriting commission payable to the Managing Underwriter and Co-Underwriters for the total value of each respective party's underwritten Shares, as well as a managing underwriter's fee to the Managing Underwriter of 1.0% of the total value of all underwritten Shares. The underwriting commission is subject to the terms and conditions of the Underwriting Agreement. The underwriting commission and all related costs in relation to the underwriting arrangement will be fully borne by our Company from the proceeds of the Rights Issue with Warrants.

3. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

After considering other methods of fundraising such as bank borrowings and private placement of shares, as well as the capital structure of Masteel, our Board is of the opinion that the Rights Issue with Warrants is more appropriate method of raising funds, after taking into account the following:

- (i) The issuance of Rights Shares would enable our Group to secure funding for the purposes set out in Section 4.1 of RM89.4 million to provide our Group with additional working capital in view of the expected increase in demand for steel, as the steel industry is expected to recover in the near future;
- (ii) Our Group will be able to secure funding explained in item (i) without incurring interest costs compared to bank borrowings;

- (iii) Compared to other equity offerings, the Rights Issue with Warrants will involve the issuance of new Masteel Shares without diluting the Entitled Shareholders' shareholdings, provided that all Entitled Shareholders subscribe in full for their respective entitlements;
- (iv) Our Group's cash and bank balances as at 30 August 2021 is RM32.9 million which are already earmarked for our existing working capital to pay our staff cost and payables. Our management is of the view that the additional proceeds raised from the Rights Issue with Warrants will ease our Group's cash flow as the proceeds will be utilised to purchase raw materials and utilities payment;
- (v) The Rights Issue with Warrants will increase the number of Masteel Shares in circulation which may potentially enhance the liquidity and marketability of Masteel Shares on the Main Market of Bursa Securities;
- (vi) The Warrants attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof;
- (vii) The Rights Issue with Warrants will strengthen our Company's financial position with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of our Company; and
- (viii) The Warrants will also provide our Company with additional capital when they are exercised. The exercise of the Warrants will allow our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

4. UTILISATION OF PROCEEDS

4.1 Proceeds raised from the Rights Issue with Warrants

Based on an issue price of RM0.395 per Rights Share, the Rights Issue with Warrants will raise gross proceeds of RM89.4 million.

The details of the intended utilisation of gross proceeds are as follows:

Details of utilisation	Utilisation timeframe			
	(from listing of Rights Shares)	Notes	RM'000	%
Repayment of bank borrowings	Within 12 months	4.1.1	10,000	11.2
Working capital	Within 3 months	4.1.2	76,816	85.9
Estimated expenses for the Rights Issue with Warrants	Within 1 month	4.1.3	2,600	2.9
Total			89,416	100.0

4.1.1 Repayment of bank borrowings

Our Company intends to utilise approximately RM10.0 million of the total proceeds from the Rights Issue with Warrants towards repayment of our existing trade lines for working capital used mainly to purchase raw materials related to our manufacturing, details of which are set out below:

Outstanding balance as at 30 August 2021	:RM313.8 million
Proposed repayment	:RM10.0 million
Maturity date	:1 September 2021 to 31 December 2021
Interest rate	:2.9% - 5.0% per annum

For illustrative purposes, the repayment of the trade lines amounting to RM10.0 million is expected to result in interest savings of RM0.3 million to RM0.5 million per annum assuming an interest rate of 2.9% to 5.0% per annum.

4.1.2 Working capital

Our Company proposes to utilise RM76.8 million to finance the working capital requirements for the Group. A breakdown of the utilisation is as follows:

Description	RM'000
Purchase of raw materials ⁽¹⁾	65,816
Utilities payment ⁽²⁾	11,000
Total	76,816

Notes:

- (1) Comprises approximately 32,000 MT of scrap metals based on scrap metal prices of approximately RM2,050 per MT as at LPD.
- (2) Tenaga Nasional Berhad : RM9.0 million
Gas Malaysia Berhad : RM2.0 million

For illustrative purposes, during FPE 31 March 2021, our Company purchased approximately 165,000 MT of scrap metals for its steel manufacturing. Total utilities for the said financial period amounted to RM32.2 million for electricity and RM4.2 million for natural gas.

4.1.3 Estimated expenses for the Rights Issue with Warrants

Description	RM'000
Professional fees ⁽¹⁾	555
Fees to authorities	60
Underwriting fees	1,800
Miscellaneous charges (Printing, meeting expenses and advertising)	185
	2,600

Note:

- (1) Comprises the professional fees of the Principal Adviser, Solicitors, Reporting Accountants, IMR, Share Registrar and Company Secretary.

In the event the actual expenses are less than the allocated amount, the excess allocated amount shall be utilised as working capital for our Group. Any excess or shortfall of the actual proceeds raised will be adjusted towards or against the utilisation for the working capital requirement.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital for our Group.

4.2 Proceeds from the exercise of Warrants

Based on the exercise price of the Warrants of RM0.395 each, the full exercise of Warrants will raise up to RM89.4 million.

Any proceeds arising from the exercise of the Warrants in the future shall be utilised for the working capital of our Group which includes but is not limited to salaries, rental, purchase of raw materials, utilities payment, transportation and other related expenses for our ordinary course of business, the breakdown of which has yet to be determined. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined. Pending utilisation of such proceeds, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital for our Group.

4.3 Details of equity fund-raising exercises undertaken in the past 12 months

On 13 September 2019 and 17 September 2019, we proposed to undertake the private placement pursuant to Section 75 and 76 of the Act of up to 42,500,000 new Masteel Shares, representing up to approximately 10% of our total number of issued shares ("**Private Placement**").

Bursa Securities had, vide its letter dated 19 September 2019, approved the listing and quotation of up to 42,500,000 new Masteel Shares under the Private Placement. The Private Placement was implemented under a shareholders' mandate obtained at our Annual General Meeting held on 20 June 2019. A total of 25,500,000 new Masteel Shares was issued from 1 October 2019 to 12 February 2020 at an average price of RM0.376 per share.

On 5 March 2020, Bursa Securities has granted us an extension of time until 18 September 2020 to complete the implementation of the Private Placement.

Bursa Securities' approval for the Private Placement lapsed on 18 September 2020 and no further extension of time was sought.

The total proceeds raised by our Company from the Private Placement had been utilised in the following manner:

	Proposed and actual utilisation
	RM'000
Repayment of bank borrowings	9,752
Estimated expenses	96
	9,848

Save for the Private Placement, we had not undertaken any other equity fund-raising exercises in the past 12 months preceding LPD.

5. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:

5.1 Risks relating to our business

(i) Dependence on key management and qualified personnel

Our Group believes that our continued success will depend significantly on the abilities and continued efforts of our Directors and senior management. With our Group's human resources strategies to retain competent personnel such as encouraging participative management, providing competitive and performance-based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities, our management has expanded and strengthened over the years. Our Group is thus confident that it would not face difficulties when younger members of our management team eventually take over from their seniors in the future. In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group. However, the loss of key members of the senior management team could adversely affect our Group's ability to compete in the industry.

(ii) Impact of COVID-19 on our Group's business and operations

Since 2020, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. The imposition of lockdown or similar measures has had an adverse impact to the performance of the world's economies including Malaysia. Until the COVID-19 pandemic is brought under control in Malaysia and worldwide, the dampening effects of the COVID-19 pandemic on the economy as a whole is expected to remain in the foreseeable future. Kindly refer to Section 6.2.1 for details on the impact of COVID-19 on the steel industry, and Section 6.3 for the impact of COVID-19 on the operations and financial performance of our Group.

Our steel businesses and operations were entirely suspended during the initial period of the MCO from 18 March 2020 to 3 May 2020, as well as a full MCO from 1 June 2021 until 19 August 2021 ("**total lockdown period**"). During the total lockdown period, we were only allowed to operate on a "warm idle mode" with only 10% workforce capacity. Thus, our Group's performance was affected considerably as a consequence of no productivity coupled with the monthly fixed cost commitments. Notwithstanding the recent prolonged lockdown, the negative impact of COVID-19 on our Group is expected to be cushioned as we are currently allowed to resume operations at 100% workforce capacity since 20 August 2021, and we expect to accelerate production to meet a backlog of existing and new orders which were to be delivered during the total lockdown period.

Operationally, we continued to comply with the Standard Operating Procedures introduced by Malaysia's Ministry of Health. Nonetheless, during the total lockdown period, our revenue was significantly affected. However, following the relaxation of the NRP regulations, the Company expects the demand for steel bars to gradually recover to pre-full lockdown period level from September 2021 onwards.

The persistence or worsening of the COVID-19 outbreak, any prolonged adverse development arising from recent MCO and NRP imposed by the Government of Malaysia and/or similar measures in future may also have a material adverse impact on our financial performance and operations as well as the industry in which our Group operates.

(iii) Borrowings and interest rate risk

Our Group is reliant on trade facilities to meet its working capital requirements and arising therefrom, our Group will be susceptible to any adverse movements in borrowing costs. For illustrative purpose, as at LPD, our interest bearing borrowings stood at RM433.8 million comprising RM120 million of Sukuk and RM313.8 million of trade lines, which amounts to a gearing ratio of 0.59 times based on our total NA as at 31 March 2021, with interest rate ranging from 2.9% to 5.0% per annum.

In this regard, part of the proceeds to be raised under the Rights Issue of Warrants amounting to RM10.0 million is intended to be utilised to partially repay our Group's high interest-bearing trade facilities as set out in Section 4.1.1 of the Abridged Prospectus. The repayment of part of our Group's high interest trade facilities will allow us to enjoy interest savings of approximate RM0.3 million to RM0.5 million per annum, assuming our Group does not re-draw any trade facilities after repayment.

However, there is no assurance that the performance of our Group will not be materially affected in the event of any increase in interest rates and/or termination of its existing banking facilities which may affect our Group's day-to-day operations.

(iv) Operational risk

We face certain operational risks which are inherent in the manufacturing industry which include, amongst others, disruption of electricity supply and fire hazards.

As the steel manufacturing process involves the use of furnaces to generate heat for the melting of scrap metal and billets, there exists a risk of potential fire hazard. Our factories are well equipped with sprinkler systems and other fire fighting equipment such as fire extinguishers and hose reels. Employees are also trained on the use of these equipment as well as basic fire-fighting techniques and regular fire drills are jointly conducted annually with the Fire Department. This is further supplemented with annual inspections by the Fire Department.

Our Board is of the view that our operations will not be materially affected by disruptions in electricity supply as well as occurrences of fire due to the mitigating measures that are in place. However, in recent years, there was one fire incident caused by defective cables which affected our steel billets production for 2 furnaces from 15 June 2019 to 14 July 2019 and another furnace from 15 June 2019 to 9 August 2019. This had a material adverse impact to our financial results as the affected furnaces were inoperable during the said period. The amount of billet production affected was 50,000 MT. We are not able to reasonably quantify the financial impact of the affected production as the billets are semi-finished products.

Save for the above, our Board is not aware of any operational risks which may have a material adverse effect on the operations or financial performance of our Group. While our Board has taken all reasonable steps to mitigate the operational risks as described above, there can be no assurance that the above measures taken will be adequate in the event of a disruption in electricity supply or fire and that it will not have a material adverse effect on our business.

(v) Licensing risk

Our Group has been granted various licences, permits and certificates from various governmental authorities. Some of these licences, permits and certificates are subject to periodic inspections, changes and/or fulfilment of certain conditions imposed by the relevant authorities. Failure to comply with the conditions imposed by the relevant authorities may cause such licences, permits and certificates to be revoked or not renewed.

Any revocation or non-renewal of our licences, permits and certificates from the relevant authorities may have a material impact on our Group's ability to continue our operations and hence, may affect our profitability.

5.2 Risks relating to our industry

(i) Fluctuations in raw material prices

Our Company is exposed to fluctuations in raw material prices which may adversely affect our financial performance.

As steel bar is a commodity, the cost of sourcing steel bar for our Company's operations is subjected to fluctuation in world prices. The prices of the raw materials are dependent on global demand and supply of steel. In some situations, increases in the prices of raw materials are not easily passed on to our customers. This could impact on our Company's margins or alternatively, if the increase in cost is passed on to the customers, our Company may not be price competitive. Therefore, a significant increase in the market prices of raw materials will have an adverse effect on the business and future earnings of our Company.

Further, the supply of the raw materials may be affected by external factors such as outbreak of diseases, delivery delays or other disruptions on a significant scale. As the steel bar is commodity and therefore subjected to world prices, all players in the steel industry are equally affected.

(ii) Competition from industry players

Our steel manufacturing operates in a market characterised by strong competition resulting from the number of established market participants, potential new entrants as well as the volume of imported steel products. In particular, the influx of steel products from China in the past had significantly increased the supply of steel products in Malaysia, which has resulted in depressed margins for local steel producers in Malaysia. Despite the trade actions implemented by the Government, imports have largely circumvented these trade actions and the volume of imported steel products remains high.

Such competition, whether from local steel producers or imported steel products, may result in a loss of market share, reduction on the pricing of our steel products, or increase in expenditures, any one of which could have a material impact on our business. As at the LPD, there are 4 major industry players involved in the upstream steel industry (i.e. steel manufacturing using furnaces) in Malaysia whom we deem as close competitors, namely Alliance Steel (M) Sdn Bhd, Amsteel Mills Sdn Bhd, Ann Joo Steel Berhad and Southern Steel Berhad .

(iii) Dependence on domestic construction industry and cyclical nature of demand

Our Group's prime product such as steel bars are primarily used in the construction industry. Accordingly, demand for our steel products is, to some extent, dependent on the domestic construction industry, which is sensitive to the overall economic conditions in Malaysia. A decline in economic conditions may result in delays and cancellations of construction projects, which may have a cascading effect on the demand of our steel products.

Further, consumption of steel is also dependent on the demands of the manufacturing sector which in turn is affected by the domestic and global economic conditions which may be cyclical in nature. An economic downturn will result in a slowdown in the said industries and consequently reduce the demand of steel products, which in turn may also have an adverse impact on steel prices.

We seek to minimise our dependence on the domestic steel market by exporting to the international steel market. However, there can be no assurance that we will be able to maintain the targeted level of foreign sales as demand for our products is reliant upon the state of the global economy.

(iv) Political, economic and regulatory considerations

Our business operations are subject to the jurisdiction of various governmental agencies or ministries. Any adverse development in the political, economic and regulatory conditions in Malaysia as well as in countries where our Group sells our products to could materially and adversely affect the financial and operational conditions and the overall profitability of our Group. Political and economic uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, political or social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

More specifically, any changes in policies relating particularly to steel, such as removal of import duties in Malaysia, may shift demand towards competitors from overseas, such as China. Conversely, countries such as China which has export taxes on steel may also abolish them in future, which will encourage supply of steel to our country and create competition, to the extent of dumping. This will affect our prices as we will need to lower them to remain competitive. Our government may also loosen the licensing restrictions and qualifications, which will lower barriers to entry for steel players. Such factors may result a material adverse effect to our Group should we not be able to remain competitive.

While we will continue to take precautionary measures to diversify risk such as exporting our products to various overseas markets such as Australia, Papua New Guinea, China, Singapore, and Philippines, there can be no assurance that any material change in political, economic and regulatory conditions where our Group sells our products to will not materially affect our operations and financial performance.

5.3 Risks relating to the Rights Issue with Warrants

(i) Capital market risks for the Rights Shares and the Warrants

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets as well as our financial performance. In view of this, there can be no assurance that our Shares will trade above the issue price of the Rights Shares or the theoretical ex-rights price of our Shares upon or subsequent to the listing of and quotation for the Rights Shares in the Main Market of Bursa Securities.

The value of the Warrants depends on various factors, primarily the market price of our Shares, exercise price for the Warrants, remaining tenure of the Warrants, volatility of our share price and the perceived risk-free rates applicable in the relevant market. In view of this, there can be no assurance that the Warrants will be 'in-the-money' during the tenure of the Warrants. There can also be no assurance that an active market for the Warrants will develop upon or subsequent to the listing of the Warrants on Bursa Securities or if developed, that such market can be sustained. Furthermore, you are reminded that should the outstanding Warrants expire at the end of its tenure, it will cease thereafter to be valid for any other purposes and hence, will no longer have any value.

(ii) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of our Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

In this respect, pursuant to Section 243 of the CMSA, in the event the Rights Issue with Warrants is aborted, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within 14 days to the Entitled Shareholders. Monies not paid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC.

In the event the Rights Issue with Warrants is aborted/terminated, and the Rights Shares have been allotted to the Entitled Shareholders, a return of monies to all holders of Rights Shares could only be achieved by way of cancellation of the share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our Company's creditors (where applicable) and either the confirmation of the High Court of Malaya or a solvency statement by our Board. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

(iii) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Company and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, among others, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

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6. INDUSTRY OVERVIEW AND PROSPECTS

The following industry overview and prospects are an extract from the IMR Report and relevant publicly available economic reports. The profile of the IMR is as follows:

Profile of Smith Zander

Smith Zander is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. Smith Zander is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of IMR Report signee, Dennis Tan Tze Wen ("Dennis Tan")

Dennis Tan is the Managing Partner of Smith Zander. Dennis Tan has over 23 years of experience in market research and strategy consulting, including over 18 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order ("**FMCO**"). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonallyadjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

On the sectoral front, double-digit growth was recorded across most economic sectors in the second quarter of 2021.

The construction sector registered a strong positive growth of 40.3% (1Q 2021: -10.4%). Growth was supported by the continuation of construction works in large infrastructure projects and on-going implementation of small-scale projects under the 2021 Budget, Program Strategik Memperkasa Rakyat dan Ekonomi ("**PEMERKASA**") and PEMERKASA+ stimulus packages. However, on a seasonally adjusted, quarter-on-quarter basis, construction growth declined by 3.2%. Activity was disrupted by the restrictions under Phase 1 of the FMCO, where only essential construction projects¹ were allowed to operate, albeit at a reduced capacity.

(Source: Quarterly Bulletin 2Q 2021, Bank Negara Malaysia)

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's gross domestic product is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. After a dismal economic performance in 2020 due to the COVID-19 pandemic, the Malaysian economy is expected to rebound firmly in 2021, in line with the expectation of a more synchronised global recovery. At the same time, domestic demand is projected to record a steady growth, supported by improvements in labour market conditions, low inflation and favourable financing conditions as well as the revival of major infrastructure projects. All sectors in the economy are expected to turnaround, with services and manufacturing sectors continuing to spearhead growth.

Nevertheless, downside risks to the growth outlook remain, arising from the resurgence of COVID-19 cases and the duration of containment measures domestically and globally. Geopolitical tensions, volatility in financial and commodity markets as well as prolonged trade and tech war may dampen the recovery pace. Against this background, the Government will continue to promote resilient and sustainable economic growth, while safeguarding the welfare of the people. Efforts will be enhanced to accelerate the shift to digitalisation, skilled workforce, quality foreign direct investments and strengthening environmental, social and governance principles to ensure sustainable and inclusive growth.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

6.2 Outlook and prospects of the steel industry in Malaysia

6.2.1 Industry performance and outlook

As a majority of Masteel Group's revenue is derived in Malaysia, this section will focus on the following:

- Overall demand for steel in Malaysia, represented by the apparent consumption of total steel products in Malaysia;
- Demand for steel billets in Malaysia, represented by the apparent consumption of steel billets in Malaysia; and
- Demand for steel bars in Malaysia, represented by the apparent consumption of steel bars in Malaysia.

Apparent consumption is used to represent domestic demand of a product which is calculated by the sum of production value and import value minus export value. The industry performance and outlook of these steel products in Malaysia are described as follows:

► Steel industry in Malaysia

Overall demand for steel in Malaysia, represented by the apparent consumption of total steel products, recorded a negative CAGR of 1.23% from 9.44 million MT in 2017 to 9.21 million MT in 2019. The decrease in apparent consumption of total steel products in Malaysia in 2019 may be mainly due to a lower YOY growth in the construction sector in Malaysia. In 2019, the value of construction work done in Malaysia experienced a relatively low YOY growth of 0.56% as compared to a YOY growth of 5.13% in 2018.

In view of the outbreak of the COVID-19 since early 2020, the Government has imposed various degrees of nationwide movement restrictions to contain the spread of the virus, namely MCO, conditional MCO, recovery MCO, enhanced MCO and various phases of NRP since 18 March 2020, depending on the severity of the COVID-19 infections in the respective states, federal territories and areas. The imposition of these nationwide movement restrictions has negatively affected many businesses, including businesses in the steel industry. During the first MCO from 18 March 2020 to 3 May 2020, most businesses were forced to temporarily close their operations except for those deemed essential services or unless they received approval from the relevant government authorities to operate, and even so, under a set of strict standard operating procedures and/or at reduced capacity. Notwithstanding that several easing measures have subsequently been announced to allow more businesses to operate in order to stimulate the economy, businesses are subject to the standard operating procedures and guidelines imposed by the Government, such as mandatory quarantine of workers and/or temporary closure of operation sites in the event of COVID-19 case detections, which cause disruptions to the businesses.

As the steel industry is mainly driven by the growth of the construction sector due to the widespread use of steel in construction activities, the temporary disruption of construction activities during the nationwide movement restriction periods has adversely affected the demand for steel. In the first half of 2020, particularly during the imposition of the first MCO between 18 March 2020 and 3 May 2020, the steel industry experienced lower demand due to the economic slowdown caused by the imposition of movement restrictions which led to temporary suspension of most business operations, including the construction industry whereby construction activities were fully halted. As a result of the disruptions to the construction sector, the GDP from the construction sector and value of construction work done recorded declines of 41.65% and 43.55% respectively in the second quarter ("**Q2**") of 2020 from the first quarter ("**Q1**") of 2020.

Nonetheless, as movement restriction measures began to ease from 4 May 2020 which allowed most economic activities including the construction sector to resume business operations, the steel industry in Malaysia witnessed a recovery in demand. This was in line with the GDP from the construction sector and value of construction work done which rebounded by 65.59% and 58.59% respectively in the third quarter ("**Q3**") of 2020 from Q2 2020. Subsequently, despite a resurgence of COVID-19 cases in the fourth quarter ("**Q4**") of 2020 leading to the re-imposition of conditional MCO in some states and federal territories, the performance of the construction sector was not materially affected with the GDP from the construction sector and value of construction work done recording a slight decrease of 3.70% and a slight increase of 1.15% respectively in Q4 2020 from Q3 2020. Overall, the GDP from the construction sector and value of construction work done in 2020 recorded YOY declines of 19.40% and 19.44% respectively, mainly due to the major disruptions to the construction sector during the first MCO period. In line with the overall decline in the performance of the construction sector, SEAISI estimates the overall demand for steel in Malaysia to have fallen by about 38.00% to 5.70 million MT in 2020.

Following which, the COVID-19 situation in Malaysia has worsened due to a resurgence of COVID-19 cases, which has led to the imposition of second MCO, third MCO, enhanced MCO and various phases of the NRP in 2021. Under these movement restrictions, the construction sector in Malaysia has been sporadically allowed to operate subject to the standard operating procedures and guidelines imposed by the Government and the severity of the COVID-19 infections in the respective states, federal territories and areas. The most recent major disruption to the construction sector began since the Phase 1 of the NRP on 1 June 2021 which halted most construction projects in the country except for essential construction projects such as critical maintenance and repair works as well as public infrastructure projects. Subsequently, non-essential construction activities have been allowed since mid-August 2021 whereby the operational capacity allowed varies according to employees' vaccination rates. This major disruption to the construction sector which lasted over 2 months is expected to lead to a slowdown in the construction sector in 2021, thereby leading to a decline in the steel industry in 2021. Further, the manufacturing sector as another driver driving the demand for steel products, has also been sporadically allowed to operate subject to the standard operating procedures and guidelines imposed by the Government and the severity of the COVID-19 infections in the respective states, federal territories and areas. The disruptions to the manufacturing sector may lead to further negative impact to the overall demand for steel in 2021. Premised on these factors, Smith Zander forecasts the overall demand for steel in Malaysia to decline by 5.44% from 5.70 million MT in 2020 to 5.39 million MT in 2021.

While the demand for steel was negatively impacted by the COVID-19 pandemic, global steel prices generally increased. The global steel prices of reinforcement bars increased from an average of USD532.50 per tonne in the first half of 2020 to an average of USD 559.00 per tonne in the second half of 2020. Based on latest available data, the global steel price of reinforcement bars in April 2021 was at USD 756.00 per tonne. The increase in steel prices has supported the financial performance of several public listed industry players by cushioning the negative impact arising from the declining demand for steel in Malaysia.

Despite an expected slowdown in the construction sector and disruptions to the manufacturing sector in 2021, the construction and manufacturing sectors are expected to recover and rebound from Q4 2021 onwards as all construction and manufacturing activities have been allowed since mid-August 2021 subject to employees' vaccination rates. The anticipated rebound is also premised on the acceleration of vaccination progress in Malaysia and the gradual upliftment of movement restriction measures.

This will in turn lead to a recovery in Malaysia's steel industry. Additionally, the anticipated recovery of the steel industry is also underpinned by the demand drivers outlined in Section 6.2.2 of this Abridged Prospectus.

► **Steel billet market in Malaysia**

Demand for steel billets in Malaysia, represented by the apparent consumption of steel billets, increased from 3.40 million MT in 2017 to 4.83 million MT in 2019⁽¹⁾ at a CAGR of 19.19%.

In view of the COVID-19 pandemic and the nationwide movement restrictions imposed by the Government which has caused disruptions to many economic sectors in 2020 and affected the demand for steel products, Smith Zander estimates the demand for steel billets, based on the apparent consumption of steel billets, to have declined by 31.06% from 4.83 million MT in 2019 to 3.33 million MT in 2020. Further, with the worsening condition of the COVID-19 pandemic in Malaysia in 2021 which may continue to impact the steel industry, Smith Zander forecasts the demand for steel billets to decrease by 8.11% from 3.33 million MT in 2020 to 3.06 million MT in 2021. Nevertheless, the steel billet market is expected to gradually recover in the near term underpinned by the demand drivers outlined in Section 6.2.2 of this Abridged Prospectus.

Note:

⁽¹⁾ *The apparent consumption in 2019 includes total apparent consumption of steel billets and steel blooms as the breakdown is not publicly available.*

► **Steel bar market in Malaysia**

Demand for steel bars in Malaysia, represented by the apparent consumption of steel bars, decreased from 2.82 million MT in 2017 to 2.81 million MT in 2019 at a negative CAGR of 0.18%. A decrease in apparent consumption of steel bars in Malaysia may be due to a lower YOY growth in the country's construction activities as well as an increase in exports of steel bars in 2019. The exports of steel bars increased by 256.77% from 90,870 MT in 2018 to 324,197 MT in 2019.

In view of the negative impact on most businesses as a result of the COVID-19 pandemic and the nationwide movement restrictions imposed by the Government in 2020, Smith Zander estimates the demand for steel bars, based on the apparent consumption of steel bars, to have declined by 24.20% from 2.81 million MT in 2019 to 2.13 million MT in 2020.

Further, with the worsening condition of the COVID-19 pandemic in Malaysia in 2021 which may lead to a slowdown in the steel industry, Smith Zander forecasts the demand for steel bars to decrease by 2.82% from 2.13 million MT in 2020 to 2.07 million MT in 2021. Nevertheless, the steel bar market is expected to gradually recover in the near term underpinned by the demand drivers outlined in Section 6.2.2 of this Abridged Prospectus.

6.2.2 Key demand drivers

► **Plans and policies by the Government to promote infrastructure development will drive the demand for steel products**

Infrastructure development is the construction of foundational services that can help to improve efficiency and productivity, enhance social welfare and the people's standard of living as well as stimulate economic growth of a country.

As steel products such as steel bars are essential building materials for the construction of infrastructure, the outlook of Malaysia's steel industry is expected to benefit from the Government's persistent drive to develop and upgrade its infrastructure.

In 2019, the Government announced the revival of several major infrastructure projects including the Light Rail Transit Line 3 and ECRL, which were previously suspended. However, pursuant to the imposition of nationwide movement restrictions by the Government as a result of the COVID-19 pandemic, the construction sector has experienced disruptions in the supply chain of building materials, reduction in size of construction workforce or a temporary halt of construction works, amongst others, leading to disruptions and delays in construction of infrastructure projects. Such disruptions have temporarily dampened construction activities which have consequently lowered the demand for steel products.

Nevertheless, as part of the economic stimulus package known as PRIHATIN Rakyat Economic Stimulus Package announced by the Government on 27 March 2020, several mega infrastructure projects such as Mass Rapid Transit Line 2 and ECRL will be continued, which is expected to ensure sustainable economic growth of the country as well as to cushion the negative economic impact caused by the COVID-19 pandemic. Further, under Budget 2021, the Government proposed to allocate RM15.00 billion to fund several infrastructure development projects including the Pan Borneo Highway, Gemas-Johor Bahru Electrified Double Tracking Project and Klang Valley Double Tracking Project Phase One; RM2.70 billion to fund rural infrastructure development projects including rural and inter-village road projects spanning 920 kilometres, building and repairing of 15,000 houses, and installation of 27,000 units of lamps; and RM2.50 billion for contractors in Class G1 to G4 to carry out small and medium construction projects across the country including additional RM200.00 million for maintenance projects for Federal Roads and RM50.00 million for People's Housing Programme (PPR) houses. Additionally, under the PEMERKASA economic stimulus package, allocation for small infrastructure works for contractors in Class G1 to G4 has been raised from RM2.50 billion to RM5.00 billion. The Government has also announced projects revival of Rapid Transit System Link from Johor Bahru to Woodlands, Singapore, and Mass Rapid Transit Line 3 in Klang Valley. As the construction works for these projects progress, the demand for steel products will improve to support the construction works required.

Moving forward, the Government will continue to invest in public infrastructure projects to support the economy and stimulate growth. Under the Medium-Term Fiscal Framework 2021-2023 announced by the Government, it has allocated a development expenditure of RM212.50 billion for 2021 to 2023 to boost economic recovery. In 2021, a development expenditure of RM69.00 billion is allocated for the economic, social, security and general administration sectors.

The economic sector is allocated with RM39.00 billion or 56.52% of the total development expenditure in 2021, of which the largest share is allocated for transport subsector at RM15.04 billion or 21.80% of the total development expenditure in 2021, to support development projects such as upgrading, expansion and maintenance of highways, roads, railways, bridges, ports and airports.

The Government's continuous efforts in promoting infrastructure development in the country will continue to drive the demand for steel products which are essential to support construction activities undertaken for the infrastructure development projects.

► **Recovery and future growth in the construction sector will drive the demand for steel products**

Apart from infrastructure development, the demand for steel is also driven by construction activities undertaken to construct residential, commercial and industrial properties.

Construction activities are largely economic-driven, whereby economic growth may contribute to increased disposable income among the population arising from higher employment, and increased earnings for businesses and companies due to greater operating scale and wider market reach. Consequently, this leads to increased demand for residential, commercial and industrial properties as well as supporting infrastructure, which in turn leads to higher demand for steel products.

The performance of the construction sector in Malaysia as measured by the value of construction work done, recorded a CAGR of 2.82% from RM138.45 billion in 2017 to RM146.37 billion in 2019, demonstrating growing demand for construction works for residential homes and to support business activities.

However, Malaysia's value of construction work done decreased by 19.44% to RM117.92 billion in 2020 from RM146.37 billion in 2019. The decline in construction work done in 2020 was mainly due to the mandatory temporary closure of construction sites and/or workforce limitations at construction sites during the movement restriction periods. Notwithstanding that several easing measures have subsequently been announced to allow more businesses to operate in order to stimulate the economy, construction activities are subject to the standard operating procedures and guidelines imposed by the Government, such as mandatory quarantine of workers and/or temporary closure of construction sites in the event of COVID-19 case detections, which may cause disruptions to construction activities.

Further, in view of the COVID-19 pandemic, Malaysia's GDP contracted by 5.60% in 2020, indicating adverse economic conditions for the year. This has reduced consumer purchasing power and consumers may be more prudent on making investment decisions, especially investing in high value assets such as properties, in view of anticipated adverse economic impact of the COVID-19 pandemic. Therefore, this has negatively impacted the demand for properties and in turn lowered the demand for construction services. Following this, the demand for steel products including steel billets and steel bars has declined as well.

According to Department of Statistics Malaysia, Malaysia's value of construction work done registered at RM59.58 billion in the first half of 2021. However, in view of the resurgence of COVID-19 cases and tightening of movement restrictions in various states, federal territories and areas since mid-2021, Smith Zander forecasts Malaysia's value of construction work done in the second half of 2021 to be at RM53.27 billion, bringing it to a total of RM112.85 billion in 2021, recording a decrease of 4.30% from RM117.92 billion in 2020.

Notwithstanding the projected decline in the value of construction work done in 2021, the rebound of the construction sector is expected to be driven by the progress of the major infrastructure projects in the country. Further, to stimulate the property market and provide financial relief to home-buyers, the Government has introduced several initiatives through the Pelan Jana Semula Ekonomi Negara (PENJANA) Short-Term Economic Recovery Plan (June-December 2020).

One of the initiatives is to reintroduce the HOC whereby stamp duties are exempted on the instruments of transfer and loan agreement for residential properties purchased at a price between RM300,000 and RM2.50 million; of which the properties are also subject to at least 10.00% discounts given by the developer.⁽¹⁾ In addition, the 70.00% margin of financing limit applicable for a home-buyer's third housing loan onwards for properties priced RM600,000 and above has also been uplifted during the period of the HOC, subject to the respective internal risk management practices of financial institutions. Under Budget 2021, the Government proposed to further extend the full stamp duty exemptions on the instruments of transfer and loan agreement for the first residential property purchased by each Malaysian home-buyer to 31 December 2025, with property price limit increased from RM300,000 to RM500,000.

Note:

- ⁽¹⁾ *The exemption on the stamp duty of instruments of transfer is limited to the first RM1.0 million of the home prices while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1 June 2020 and 31 May 2021. Subsequently, under the PEMERKASA Plus economic stimulus package, the effective period was further extended to 31 December 2021.*

Moving forward, with these initiatives in place, consumers will be encouraged to purchase residential properties which may thus drive the demand for residential properties. This may in turn support the demand for construction activities and may spur the demand for steel products in the longer term. Further, along with the acceleration of the COVID-19 vaccination progress and when the infected cases gradually subside and remain minimal, movement and business operating restrictions are expected to be uplifted which will allow economic activities to resume and gradually recover back to pre-COVID-19 level. In the near term, the Malaysian economy is expected to gradually recover in 2021 with a GDP growth between 3.00% and 4.00%, based on the latest forecast by Bank Negara Malaysia ("**BNM**").

BNM also expects the recovery to accelerate in 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand. As Malaysian economy recovers after the impact of the COVID-19 pandemic subsides over time, the construction sector is expected to revive and will then drive the recovery and future growth of the steel industry in Malaysia.

Moving forward, the steel industry is expected to recover alongside the improving performance of the construction sector driven by the Government's continuous efforts in promoting infrastructure development in the country and recovery of Malaysian economy which will drive the demand for properties. Further, the steel industry in Malaysia is expected to continue to grow once the impact of the COVID-19 pandemic subsides over time.

(Source: IMR Report, Smith Zander)

6.3 Impact of COVID-19 on the operations and financial performance of our Group

The Government had imposed the MCO commencing from 18 March 2020 to 3 May 2020 ("**MCO 1.0**") which resulted in the temporary suspension of most of the business activities in Malaysia. Thereafter, there was a gradual easing of restrictions which permitted certain economic sectors to resume operations beginning 4 May 2020 up to 9 June 2020 under the Conditional MCO ("**CMCO**") and thereafter up to 31 March 2021 under the Recovery MCO ("**RMCO**"). Nonetheless, the MCO was re-imposed in all federal territories and most of the states in Malaysia for different durations since January 2021 followed by the most recent total lockdown period from 1 June 2021 onwards until Malaysia is able to progress to Phase 2 of the recently announced NRP whereby more economic sectors are allowed to operate.

Our production facilities were able to operate during the COVID-19 pandemic period save for a temporary shutdown during MCO 1.0 of 18 March 2020 to 3 May 2020 as well as from 1 June 2021 until 19 August 2021 during the total lockdown period. Apart from the aforementioned periods of shutdown, we were able to operate at 100% capacity, subject to the relevant standard operating procedures ("**SOPs**") imposed by the Government.

During the total lockdown period, we were only allowed to operate on a "warm idle mode" with only 10% workforce capacity. Thus, our Group's performance was affected considerably as a consequence of no productivity coupled with the monthly fixed cost commitments. This is expected to have a material adverse impact to our financial results as we did not operate our production facilities during the total lockdown period. However, we are unable to reasonably quantify the amount of expected losses in terms of delayed revenue generation and loss of production.

Notwithstanding the recent prolonged lockdown, the negative impact of COVID-19 on our Group is expected to be cushioned as we are currently allowed to resume operations at 100% production to meet a backlog of orders received prior to the total lockdown period. Following the relaxation of the NRP regulations, we expect the demand for steel bars to gradually recover from September 2021 onwards.

We had also incurred an estimated additional costs of approximately RM0.25 million in order to comply with SOPs in line with the Government's COVID-19 infection control measures which consist primarily of amongst others, sanitisation expenses, screening tests and purchase of personal protective equipment.

We have not been in material breach of any directives/restrictions issued by the Government of Malaysia in connection with the various phases of MCO in the past up to the LPD. We will continue to strictly adhere to the COVID-19 directives and restrictions as may be imposed by the regulatory authorities from time to time to mitigate disruptions to our Group's business and ensure the safety and wellbeing of our stakeholders including employees and customers.

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6.4 Prospects of our Group

Globally, the entire world's economy has been disrupted by the COVID-19 pandemic and it is unleashing major business slowdown everywhere. Malaysia is also not spared as the Government had announced various versions of movement control orders on non-essential businesses thereby bringing economic activity in the nation to a halt.

Oil prices also took a dive below USD 30 per barrel of oil at the beginning of 2020 affecting markets worldwide. While oil prices do not directly affect the steel industry, it is expected to hamper construction and development projects as the government's loss of revenue from oil-related sources would lead to a reduction in infrastructure spending.

With the COVID-19 global pandemic coupled with the crash in oil prices, our country's revenue would have been severely affected. Despite that, our new Government had announced that most projects under Malaysia's Budget 2020 will continue as planned.

As set out in Section 6.2, overall demand for steel in Malaysia, represented by the apparent consumption of total steel products, recorded a negative CAGR of 1.23% from 9.44 million MT in 2017 to 9.21 million MT in 2019.

Oversupply in the local steel sector is expected to persist due to continued output and operations of a foreign-owned steel mill in Kuantan. The issue of oversupply due to imports in the Malaysian market is reduced via MITI's anti-dumping duty on steel products from Singapore and Turkey gazetted on 21 January 2020.

Notwithstanding the economic and steel industry conditions mentioned above, we are determined and confident to remain competitive in the local steel arena until equilibrium in the market is reached. As we strive to remain competitive, we continue to invest capital expenditures in the latest steel melting technology to optimize our costs.

We recorded revenue of RM1.4 billion in FYE 2020 which represents an increase by RM188.2 million or 15.7% from RM1.2 billion in FYE 2019. The increase in revenue was mainly due to increase average selling prices, exports of billets and pent-up demand of the steel products in the second half of the year after economic restrictions were uplifted. A major contributor for the increase in selling prices is the enormous pump-priming activities by the Chinese government's infrastructure sector. As such, China's consumption of steel had increased drastically. According to MEPS International Ltd, global prices of reinforcement bars, increased from an average of USD532.50 per tonne in the first half of 2020 to an average of USD559.00 per tonne in the second half of 2020. Based on latest available data, the global price of reinforcement bars in April 2021 was at USD756.00 per tonne.

Based on the success of the latest state-of-the-art induction furnace facility which has contributed significantly to the cost improvement in our steel production, we had further installed and commissioned our third plant in first quarter of 2021. The new facility was effectively be "plug and play" which had reduced any major gestation period.

Our Group will be able to rapidly reap the benefits upon the operational commencement of the third plant. Furthermore, the new addition will provide us with increased versatility in product range which includes alloy and stainless steel (expected to be commercialised in the next 2 years). With the commissioning of the new plant and regular orders from our customers, Masteel will be better equipped and prepared to cope with such unprecedented economic impact arising from the current global COVID-19 pandemic and local political uncertainties.

(Source: Management of Masteel)

7. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

7.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the share capital of our Company are set out below.

	No. of Masteel Shares	RM
Existing issued share capital as at LPD	452,739,831	⁽¹⁾ 240,231,785
To be issued pursuant to the Rights Issue with Warrants	226,369,915	89,416,116
Enlarged share capital after Rights Issue with Warrants	679,109,746	329,647,901
To be issued assuming full exercise of Warrants	226,369,915	89,416,116
Enlarged share capital	905,479,661	419,064,017

Note:

- ⁽¹⁾ Being the issued share capital of RM239,942,514.50 and including gain on sale of treasury shares of approximately RM290,000.

7.2 Earnings and EPS

The Rights Issue with Warrants will not have any effect on the earnings of our Group for FYE 2020 as it will be completed after the said financial year.

The Rights Issue with Warrants is also not expected to have a material effect on the earnings of our Group for FYE 2021. However, our EPS may be diluted upon the issuance of the Rights Shares and the new Masteel Shares arising from the exercise of the Warrants.

The potential effects of the Rights Issue with Warrants on the future consolidated earnings and EPS of Masteel Group will depend on, amongst others, the level of returns generated from the use of proceeds to be raised from the Rights Issue with Warrants.

For illustrative purposes, based on the latest unaudited consolidated financial statements for the 3 months FPE 31 March 2021 and assuming that the Rights Issue with Warrants has been implemented at the beginning of 3 months FPE 31 March 2021, the pro forma effects of the Rights Issue with Warrants on the earnings and EPS of our Group as follows:

	Unaudited 3 months FPE 31 March 2021	After the Rights Issue with Warrants
	RM'000	RM'000
Profit attributable to owners of ordinary shareholders	8,390	⁽³⁾ 6,190
Weighted average no. of shares in issue ('000) ⁽¹⁾	449,696	676,066
No. of Warrants ('000)	-	226,370
Basic LPS (sen)	1.87	0.92
Diluted LPS (sen) ⁽²⁾	1.87	0.69

Notes:

- (1) The weighted average number of shares for the 3 months FPE 31 March 2021 is weighted based on the number of outstanding Masteel Shares multiplied by the percentage of the reporting period for which that number of Shares applies to, throughout the financial year.
- (2) Assuming the exercise of all Warrants.
- (3) After taking into account the potential savings from the repayment of bank borrowings of RM0.4 million, based on an average interest rate of 4.0%, and the deducting estimated expenses in relation to the Rights Issue with Warrants of RM2.6 million.

7.3 Convertible securities

As at LPD, we do not have any outstanding convertible securities.

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7.4 NA and gearing

Based on our latest unaudited consolidated statement of financial position as at 31 March 2021, the pro forma effects of the Rights Issue with Warrants on the NA and gearing of our Group are set out below:

	(I)	(II)	(III)
	(1) Adjusted for subsequent events	After (I) and the Rights Issue with Warrants	(3) After (II) and assuming full exercise of all Warrants
Unaudited as at 31 March 2021	RM'000	RM'000	RM'000
Share capital	239,942	(2) 240,232	329,648
Warrant reserves	-	-	(4) 38,030
Revaluation reserves	76,649	76,649	76,649
Treasury shares	(1,490)	-	-
Retained earnings	414,061	414,053	(4) (5) 373,423
Shareholders' funds/NA	729,162	730,934	817,750
No. of Masteel Shares ('000)(excluding treasury shares)	450,379	452,740	679,110
NA per Masteel Share (RM)	1.62	1.61	1.20
Interest bearing borrowings (RM'000)	424,738	424,738	(6) 414,738
Gearing ratio	0.58	0.58	0.51
			905,480
			1.00
			414,738
			0.46

Notes:

- (1) All 2,360,600 treasury shares have been resold at minimum price of RM0.635 to maximum price of RM0.895.
- (2) Being the issued share capital of RM239,942,514.50 and including gain on sale of treasury shares of approximately RM290,000.
- (3) Assuming the exercise of all 226,369,915 Warrants at the exercise price of RM0.395 each.
- (4) A reserve of RM38.0 million is provided for the issuance of 226,369,915 Warrants at a fair value of RM0.34 each, calculated using the Black-Scholes valuation model as extracted from Bloomberg. Black-Scholes is a pricing model used to determine the fair price based on six variables namely volatility, type of option, underlying stock price, time, strike price and risk-free rate.

(5) After deducting estimated expenses in relation to the Rights Issue with Warrants of RM2.6 million.

(6) After deducting the estimated RM10.0 million from the total proceeds of the Rights Issue with Warrants towards repayment of our existing trade lines.

7.5 Substantial shareholders' shareholdings

The pro forma effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders assume that they will subscribe for their entitlements under the Rights Issue with Warrants is set out below:

	As at LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TYT	140,693	31.08	-	-	211,039	31.08	-	-	281,385	31.08	-	-
Dato' Sri Tai Hean Leng @ Tek Hean Leng	950	0.21	140,693	(1)31.08	1,425	0.21	211,039	31.08	1,900	0.21	281,385	31.08
Datin Ng Pik Lian	-	-	151,188	(2)33.39	-	-	226,782	33.39	-	-	302,376	33.39
Estate of Tai Chet Siang, Deceased	-	-	140,693	(1)31.08	-	-	211,039	31.08	-	-	281,385	31.08

Notes:

(1) Deemed interested pursuant to Section 8(4) of the Act by virtue of their interests in TYT.

(2) Deemed interested pursuant to Section 8(4) of the Act by virtue of her interest in TYT and Kemajuan Rekacekap Sdn Bhd.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital and sources of liquidity

Our Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions as well as our Group's existing cash and bank balances.

As at LPD, we hold cash and bank balances of RM32.9 million and outstanding borrowings of RM433.8 million comprising RM120 million of Sukuk and RM313.8 million of trade lines, which amounts to a gearing ratio of 0.59 times based on our total NA as at 31 March 2021. Additionally, we have unutilised trade lines amounting RM2.5 million.

Our Board confirms that, after taking into consideration the funds generated from our Group's operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

8.2 Borrowings

As at LPD, our Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out below:

Borrowings	Outstanding amount as at LPD RM'000
Short term borrowing (Secured)	
Trade lines	313,800
Long term borrowing (Secured)	
Sukuk	120,000
	433,800

Throughout FYE 2020 and up to LPD, we did not default on payments of either interest or principal sums for any of our borrowings.

8.3 Material commitments

As at LPD, our Board confirms that there are no material capital commitment, incurred or known to be incurred by Masteel Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group.

8.4 Contingent liabilities

As at LPD, our Board confirms that there no contingent liabilities, incurred or known to be incurred by Masteel Group, which upon becoming enforceable, may have a material impact on the financial position or business of our Group.

8.5 Material transactions

Our Board confirms that save for the Rights Issue with Warrants, there are no other transactions which may have a material effect on our operations, financial position and results since the latest audited consolidated financial statements of our Group for FYE 2020.

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

This Abridged Prospectus and the RSF contain full instructions for the acceptance of and payment for the Allotments as well as the Excess Rights Shares with Warrants Applications and the procedures to be followed if you and/or your renouncee(s)/transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement. You and/or your renouncee(s)/transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. The RSF must not be circulated unless accompanied by this Abridged Prospectus.

9.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF which is to be used for the acceptance of the Provisional Allotments, and for the application of any Excess Rights Shares with Warrants under excess application, should you wish to do so.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Shares Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 9.5.3 and 9.9.3 of this Abridged Prospectus for the procedures for acceptance as well as to apply for Rights Shares, if you choose to do so.

This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

The outcome of the subscription of the Rights Issue with Warrants shall be announced after the Closing Date.

9.2 NPA

The provisionally allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the SICDA and the rules of Bursa Depository. Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

9.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is on Thursday, 14 October 2021 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

We shall make an announcement on the outcome of the Rights Issue after the Closing Date.

9.4 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares with Warrants, if you choose to do so, using either of the following methods:

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
Electronic Application ⁽¹⁾	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS
Bursa Anywhere ⁽²⁾	All Entitled Shareholders who have registered for Bursa Anywhere

Notes:

⁽¹⁾ The following surcharge per Electronic Application via ATM will be charged by the Participating Financial Institutions:-

- Public Bank Berhad – RM4.00; and
- Affin Bank Berhad – RM4.00

The following processing fee per Electronic Application via internet financial services website will be charged by the respective Participating Financial Institutions:-

- Public Bank Berhad (<http://www.pbebank.com>) – RM4.00; and
- Affin Bank Berhad (<https://www.affinbank.com.my>) – RM4.00.

⁽²⁾ A processing fee of RM2.00 per Electronic Application via Bursa Anywhere will be charged.

9.5 Procedure for full acceptance and payment

9.5.1 By way of RSF

Acceptance and payment for the Provisional Allotments allotted to you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You or your renouncee(s) (if applicable) accepting the provisionally allotted Rights Shares with Warrants are required to complete Part I(a) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND using the envelope provided (at your own risk) to our Share Registrar at the following address:

Securities Services (Holdings) Sdn Bhd

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Telephone number: 03-2084 9000

so as to arrive not later than 5.00 p.m. on 14 October 2021, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

If you and/ or your renouncee(s) and/ or transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/ or your renouncee(s) and/ or transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our registered office or the website of Bursa Securities (<https://www.bursamalaysia.com>).

1 RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than 1 CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renouncee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Rights Issue that can be subscribed for or accepted is 1 Rights Share. However, you and/ or your renouncee(s) and/ or transferee(s) (if applicable) should take note that a trading board lot for the Rights Issue comprises of 100 Rights Shares. Fractions of Rights Shares, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

Successful applicants of the Rights Shares will be given free attached Warrants on the basis of 1 Warrant for every 1 Rights Share successfully subscribed for. The minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share for every 2 Masteel Shares held. However, you should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants respectively. Fractional entitlements arising from the Rights Issue with Warrants will be disregarded and dealt with by our Board as they may deem fit and expedient and in the best interest of our Company.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) is not received by the Share Registrar on 14 October 2021 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renouncee(s) (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renouncee(s) (if applicable) and it will be cancelled.

Such Rights Shares with Warrants not taken up by you will be allotted to the applicants applying for Excess Rights Shares with Warrants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renouncee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MASTEEL RIGHTS ISSUE ACCOUNT ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT YOUR OWN RISK.

ALL RIGHTS SHARES AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND WARRANTS INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

9.5.2 By way of Electronic Application

Only Malaysian individuals who are Entitled Shareholders may apply for the Rights Issue with Warrants by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs and Internet financial services website of the Participating Financial Institutions before making an Electronic Application.

The procedures for Electronic Applications at the ATMs and Internet financial services website of the Participating Financial Institutions are set out on the ATM screens and Internet financial services website of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Applications are set out below. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions of Electronic Applications set out in Section 9.5.2(ii) of this Abridged Prospectus before making an Electronic Application:

You must have an account with a Participating Financial Institution and an ATM card issued by a Participating Financial Institution or with access to internet financial services with **Public Bank Berhad** at <http://www.pbepbank.com> or **Affin Bank Berhad** at <https://www.affinbank.com.my>.

You are advised to read and understand this Abridged Prospectus **BEFORE** making the application.

You shall apply for the Rights Issue with Warrants via the ATM or internet financial services website of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out in Section 9.5.2(ii) of this Abridged Prospectus "**Terms and Conditions of Electronic Applications**".

Upon the completion of your Electronic Application transaction via ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or our Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

For application via internet financial services website, a message from the Participating Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Provisional Allotments is being made. Subsequently, the Participating Financial Institutions shall confirm that the said application has been completed, via the confirmation screen in respect of your application ("**Confirmation Screen**") on their website. You are advised to print out the Confirmation Screen for your reference and record.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(i) Participating Financial Institutions

Electronic Applications may be made through an ATM or internet financial services websites of the following Participating Financial Institutions and their branches within Malaysia:

- Public Bank Berhad; and
- Affin Bank Berhad

(ii) Terms and Conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

- (a) You are required to confirm the following statements and undertake that the following information given are true and correct:

- (i) You have attained 18 years of age as at the Closing Date;
- (ii) You have read the Abridged Prospectus and understood and agreed with the terms and conditions of the application; and
- (iii) You give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia Including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Provisional Allotments as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the ATM or screen of financial services websites of the Participating Financial Institutions through which the Electronic Application is being made, will be rejected.

- (d) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Allotments applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons)) of the number of Provisional Allotments applied for shall signify, and shall be treated as, your acceptance of the number of Provisional Allotments that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, request and authorise our Company to credit the Provisional Allotments allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository and you irrevocably agree that if:
- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
 - (ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository for the Provisional Allotments applied for or for any compensation, loss or damage relating to the application for the Provisional Allotments.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institutions at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institutions and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Provisional Allotments via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs and financial services websites, your Electronic Application is irrevocable and cannot be subsequently withdrawn;

- (ii) Our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or any cause beyond our control;
- (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for the Provisional Allotments for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Provisional Allotments; and
- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these terms/ instructions.
- (k) Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
 - (i) successful application — a notice of allotment will be despatched within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or
 - (ii) unsuccessful partially successful application — the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 9.5.2(ii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

9.5.3 By way of Bursa Anywhere

Only Entitled Malaysian individuals Shareholders who had registered for Bursa Anywhere and subscribed for e-Dividend service could apply for the Rights Issue by way of Bursa Anywhere mobile application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, notices, terms and conditions for Bursa Anywhere Application before making an Application.

The procedures for submitting an application at Bursa Anywhere are set out on the Bursa Anywhere mobile application screens. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions as set out in Section 9.5.3(ii) of this Abridged Prospectus before making an Application:-

You are advised to read and understand this Abridged Prospectus **BEFORE** making the application.

Upon the completion of your application transaction via Bursa Anywhere, you will receive a receive a push notification from Bursa Anywhere and a message in your Bursa Anywhere account inbox on the request of your Rights Shares with Warrants subscription. The notification message is only a record of the completed transaction at the Bursa Anywhere.

(i) Procedures for Submitting an Application through Bursa Anywhere

- (a) Launch the Bursa Anywhere application on your handphone and login using your username and password.
- (b) Upon a successful login, choose the "My Services" at the bottom of the screen and then select "eRights".
- (c) Next, select "Submit Application", and you will see a screen that informs you to agree with the Terms & Conditions and Notices that governs your Rights securities application via Bursa Anywhere.
- (d) Click on the hyperlink of Terms & Conditions and Notices. You must read and understand the Terms & Conditions and Notices before you click "Agree" to proceed to the next page.
- (e) Click "Agree" to proceed to a landing page for you to select the Rights securities that you would like to subscribe to.
- (f) Select the Rights issue that you want to apply.
- (g) You may click on the hyperlink of the "Prospectus" to view the content of the related Abridged Prospectus.
- (h) You are also required to click on the hyperlink to the "Declaration". Read and understand the clauses of the "Declarations".
- (i) Upon the completion of the above, at the bottom of the Rights Issue detail page you are required to swipe the toggle to the right to indicate that you have read and understood the Abridged Prospectus as well as accepted and made the declarations stated in the "Declaration".
- (j) Next, select the CDS account for your Rights securities subscription and click "NEXT".

- (k) You will come to a page for you to fill up for entitled and excess Rights shares with Warrants subscription. You have the options to select either "Entitle only", "Excess only" and "Entitled & Excess" for your Rights Shares with Warrants subscription.
- (l) Select the subscription type, enter the number of units that you would like to subscribe. Click "NEXT" once you complete the required information.
- (m) You will come to a "Preview" page, where it displays the following information of your subscription.
 - units and Ringgit amount of your Rights shares with Warrants subscriptions
 - Subscription Fee (charged by Bursa Malaysia)
 - Tax, if applicable
 - Stamp duty, if applicable
- (n) Check the summary information on the "Preview" page. Click "CONFIRM" at the bottom of the same page, if the information is correct.
- (o) Next, you will receive a six-digit SMS TAC verification code via your mobile phone (the mobile number that you registered with Bursa Anywhere).
- (p) You are required to key-in and submit the verification code.
- (q) Upon successful validation of the verification code, you will be led to the Payment Gateway for payment.
- (r) You are required to select the bank for your Rights shares with Warrants subscription payment. **(IMPORTANT NOTE: You are required to use the bank account that you have registered for Bursa Depository's e-Dividend service. Your subscription will be rejected if another bank account is used for payment. You will be notified if your subscriptions is rejected. Your subscription monies will be refunded within 3 working days, to your subscription bank account that you have just subscribed.)**
- (s) You will be brought to your selected bank login page for payment.
- (t) Once payment is made successfully via your selected bank, you will be brought to the "Thank You" page, which displays your bank transaction details.
- (u) Click "DONE" at the bottom, you will be led back to the My Service landing page.
- (v) You will receive a push notification message in your Bursa Anywhere account inbox.

(ii) Terms and Conditions of Applications via Bursa Anywhere

- (a) The Electronic Prospectus is available at the Prospectus landing page of Corporate Announcement at Bursa Website and can be accessed via the hyperlink in the Bursa Anywhere. You have read the Prospectus prior to making an investment decision and should make the investment decision based on the Prospectus rather than on advertising or promotional materials. The securities offered are offered by the Issuer solely on the basis of the information contained in the Prospectus.
- (b) The Issuer has appointed Bursa Depository to provide eRights Services via the Bursa Anywhere. Bursa Depository is not responsible for, has not authorised and shall not be deemed to have authorised the contents of the Electronic Prospectus and therefore, shall not have any liability in respect of the Electronic Prospectus or the Application submitted.
- (c) The physical printed copy of the Prospectus is available upon request from the Issuer at the location specified in the Prospectus during the offer period.
- (d) You may also obtain a physical printed copy of the Prospectus from the participating organisation(s) set out in the respective Prospectus.
- (e) Payment of subscription to the Rights issue via Bursa Anywhere is required to be made from your e-Dividend Bank Account. Failing which, the request of the eRights Application will be rejected.
- (f) By submitting an eRights Application from Bursa Anywhere, the you confirm that:
 - You have read and understood the contents of the Abridged Prospectus;
 - You have read and agreed to be bound by these Terms and Conditions and Notices for Application of Rights Issues and the terms and conditions of the Bursa Anywhere;
 - You are eligible to apply for the securities in Malaysia or in jurisdictions where the securities offering is intended to be available;
 - You irrevocably consent to the receipt of any cash payment or refund in relation to the Application to be made via direct credit into the e-Dividend Bank Account; and
 - You agree to give irrevocable consent to Bursa Depository to disclose your information, including bank account information, which are necessary or expedient to the relevant entities involved in the application process and to the relevant entities involved in facilitating the payment of any cash payments or refunds via direct credit into e-Dividend Bank Account in relation to the Application.
- (g) Applications shall close at the Closing Time and Date or such other time as the Issuer and/or the Share Registrar, may in its absolute discretion decide.
- (h) An Application is deemed to be received by Bursa Anywhere only upon its completion, that is, when you have:
 - successfully made full subscription payment via the payment gateway; and
 - received an email indicating that the Application has been submitted to the Issuer and/or the Share Registrar.

- (i) You are advised to print out and retain a copy of the Transaction Records for record purposes. The Transaction Records are only a record of the completed transactions received at the Bursa Anywhere and not a record of the receipt of the Application or any data relating to such an application by the Issuer or the Share Registrar. No application or monies can be accepted electronically in respect of the securities offered once the offer closes on the Closing Date.
- (j) Upon your receipt of the Transaction Record, cancellation of the Application will not be allowed.
- (k) Bursa Depository shall not be liable for any applications made through any alternative methods of application.
- (l) If Bursa Depository has any reason to believe that the Electronic Prospectus or processes for collection and handling of Applications have been tampered with, Bursa Depository may reject the Application and Bursa Depository shall not be liable for such rejection.
- (m) No securities will be allotted or issued on the basis of the Prospectus after the Closing Time and Date. Bursa Depository, Bursa Securities do not guarantee any allotment of securities as a result of the Application and are not responsible for any non-allotment of securities or part thereof by the Issuer pursuant to the Application.
- (n) Any request for any refunds related to the allotment of securities must be referred to the Issuer.
- (o) No refund of any subscription fee charged by Bursa Depository and applicable tax (if any), will be made to you if your subscription is rejected by the Share Registrar.
- (p) Electronic Prospectuses made available on the Bursa Website after the close of any Application period as described in the Terms & Conditions is made available solely for informational and archiving purposes.
- (q) Risk of Submitting the Applications from Bursa Anywhere:
 - (i) By submitting an Application from Bursa Anywhere, you agree to assume the risks associated with conducting transactions online, including risks of electrical, electronic, technical and mobile-related faults and breakdowns, faults with mobile applications, problems occurring during data transmission, mobile security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of Bursa Depository, and/or the Issuer. You acknowledge that the aforementioned events may result in (i) interruption, transmission blackout or delayed transmission; and/or (ii) incorrect data transmission due to the public nature of the Internet and agrees to bear such risks. The Applicant agrees that neither Bursa Depository, Bursa Securities, the Issuer nor the Share Registrar shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data, breakdown or failure in communication facilities or due to any cause beyond their control.
 - (ii) If, Bursa Depository, the Issuer and/or the Share Registrar does not receive your Application and/or the relevant payment, or in the event that any data relating to the Application is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason

whatsoever, you shall be deemed not to have made an Application. In such an event, you shall have no claim whatsoever against Bursa Depository and/or Bursa Securities and/or Issuer and/or the Share Registrar, in relation to the purported Application.

- (r) Instead of submitting an Application via Bursa Anywhere, you may alternatively submit applications through the existing manual paper-based application method as well as other means of application specified in the Prospectus, such as via ATM or internet facilities of financial institutions offering such services within Malaysia and such other methods as may from time to time be permitted by the Securities Commission.
- (s) In the event a supplementary Prospectus is issued, you are entitled to revise or withdraw your Application by contacting the Share Registrar directly. Bursa Depository or Bursa Anywhere will not be able to facilitate any revision or withdrawal of the Application in such circumstances.
- (t) Bursa Depository is committed to protecting the security of the Applicant's personal information. It uses a variety of security technologies and procedures, to help protect the confidentiality and security of an Applicant's personal information provided through the Bursa Anywhere, from unauthorised access, use, or disclosure. In addition, Bursa Depository has put in place appropriate measures to minimise the risks of unauthorised access and to maintain the security of the information it collects through Bursa Anywhere.

9.5.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

i. Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and the Rights Shares with Warrants Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees In the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the Abridged Prospectus and the Rights Shares with Warrants Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.

- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue with Warrants.
- (f) To apply for the Provisional Allotments, you will be required to submit your subscription information via Rights Shares with Warrants Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.
- (g) Once completed, you will need to submit the Rights Shares with Warrants Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.
- (h) Together with the Rights Shares with Warrants Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
 - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Provisional Allotments which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank	:	HONG LEONG BANK BERHAD
Account Name	:	MASTEEL RIGHTS ISSUE ACCOUNT
Bank Account No.	:	18200030456
- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Slip**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Slip is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Slip is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Provisional Allotments electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (i) successful application — an electronic notification will be sent to you within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or
 - (ii) unsuccessful/ partially successful application — the full amount or the surplus application monies, as the case may be,

will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares with Warrants Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares with Warrants allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Provisional Allotments submitted under NRS will be irrevocable upon submission of the Rights Shares with Warrants Subscription File to Bursa Depository and cannot be subsequently withdrawn.

ii. Terms and Conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Allotments applied for as stated on your Rights Shares with Warrants Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Provisional Allotments that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights Shares with Warrants Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the

Provisional Allotments allotted to you into the respective CDS Account(s) as indicated in the Rights Shares with Warrants Subscription File.

(d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:

- (i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or
- (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Provisional Allotments applied for or for any compensation, loss or damage relating to the application for the Provisional Allotments.

(e) By completing and submitting the Rights Shares with Warrants Subscription File to Bursa Depository, you agree that:

- (i) In consideration of our Company agreeing to allow and accept your application for Rights Shares with Warrants via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
- (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
- (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Provisional Allotments issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Provisional Allotments; and
- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

9.6 Procedure for part acceptance

If you do not wish to accept the Rights Shares with Warrants provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed/applied for. The minimum number of Rights Shares that may be subscribed for or accepted is 1 Rights Share. However, the Warrants will be issued in the proportion of 1 Warrant for every 1 Rights Share subscribed.

You may refer to the procedures set out in Section 9.5 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotments that have not been accepted will be made available to applicants for excess applications.

9.7 Procedure for sale/transfer of Provisional Allotment of Rights Shares with Warrants

As the Provisional Allotment are prescribed securities, you and/or your renounce(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to 1 or more person(s) through your stockbrokers without first having to request for a split of the provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Accounts.

To sell/transfer of all or part of your entitlement to the Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository. Please refer to Sections 9.5 of this Abridged Prospectus for the procedures of acceptance and payment by way of RSF.

In selling/transferring all or part of your Provisional Allotment, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

9.8 Procedure for acceptance by renouncee(s) and/or transferee(s)

Renouncee(s) and/or transferee(s) who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 9.5 of this Abridged Prospectus also applies to renouncee(s) and/or transferee(s) who wish to accept the provisionally allotted Rights Shares with Warrants.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

9.9 Procedure for excess application

9.9.1 By way of RSF

As an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Provisional Allotment by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 14 October 2021, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the Excess Rights Shares with Warrants applied for should be made in the same manner set out in Section 9.5 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** and made payable to **"MASTEEL EXCESS RIGHTS ACCOUNT"** and endorsed on the reverse side with the name, address and CDS Account Number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the Excess Rights Shares with Warrants applied for under Part I(b) of the RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of our Board to allot the Excess Rights Shares with Warrants in the following priority:

- (i) Firstly, to minimise the incidence of odd lots;
- (ii) Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as per their CDS accounts as at the Entitlement Date;
- (iii) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants application; and
- (iv) Fourthly, for allocation to transferee(s); and/or renouncee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants application.

The Excess Rights Shares and Warrants will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants. Thereafter, the Excess Rights Shares and Warrants will be allocated in the order of (ii) to (iv), and any balance thereafter will be allocated in the same sequence of allocation, i.e. items (ii) to (iv) until all Excess Rights Shares with Warrants are allotted. Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part 1 (b) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the priority set out in (i) to (iv) are achieved. Our Board also reserves the right not to accept or to accept any application for Excess Rights Shares with Warrants, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT YOUR OWN RISK.

9.9.2 By way of Electronic Application

You and/ or your renouncee(s) and/ or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants in excess of your entitlement via Electronic Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants by following the same steps as set out in Section 9.5.2 of this Abridged Prospectus.

The Electronic Application for Excess Rights Shares with Warrants will be made on, subject to, the same terms and conditions appearing in Section 9.5.2 of this Abridged Prospectus.

Any Rights Shares with Warrants which are not taken up or not validly taken up by you and/or your renouncee(s) and/ or transferee(s) (if applicable) shall be made available for Excess Rights Shares with Warrants. It is the intention of the Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 9.9.1 above.

9.9.3 By way of Bursa Anywhere mobile application

You and/ or your renouncee(s) and/ or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants in excess of your entitlement via Bursa Anywhere Mobile Application in addition to your Provisional Rights Shares. If you wish to do so, you may apply for the Excess Rights Shares with Warrants by following the same steps as set out in Section 9.5.3 of this Abridged Prospectus.

The application for Excess Rights Shares with Warrants will be made on, subject to, the same terms and conditions.

Any Rights Shares with Warrants which are not taken up or not validly taken up by you and/ or your renouncee(s) and/ or transferee(s) (if applicable) shall be made available for Excess Rights Shares with Warrants. It is the intention of the Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 9.9.1 above.

9.9.4 By way of NRS

You and/ or your renouncee(s) and/ or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants in excess of your entitlement via NRS in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants by following the same steps as set out in Section 9.5.3 of this Abridged Prospectus save and except for the amount payable to be directed to "**MASTEEL EXCESS RIGHTS ACCOUNT**" (**BANK ACCOUNT NO. 18200030463 WITH HONG LEONG BANK BERHAD**) for the excess Rights Shares with Warrants applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares with Warrants Subscription File.

The NRS for Excess Rights Shares with Warrants will be made on, subject to, the same terms and conditions appearing in Section 9.5.4 of this Abridged Prospectus.

Any Provisional Allotments which are not taken up or not validly taken up by you and/ or your renouncee(s) and/ or transferee(s) (if applicable) shall be made available for Excess Rights Shares with Warrants. It is the intention of the Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 9.9.1 above.

9.10 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the SICDA and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

A notice of allotment will be despatched to you and/ or your renouncee(s) and/ or transferee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic notification will be sent to you within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS.

Where the Rights Shares and the Warrants are provisionally allotted to the Entitled Shareholders in respect of their existing ABC Shares standing to the credit in their CDS Account as at the Entitlement Date, the acceptance by the Entitled Shareholders of the

Provisional Rights Shares shall mean that they consent to receive such Provisional Rights Shares as prescribed or deposited securities which will be credited directly into their CDS Account.

Any person who intends to subscribe for the Rights Shares with Warrants as a renouncee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his CDS Account.

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for Excess Rights Shares with Warrants, will be credited directly as prescribed securities into his CDS Account.

9.11 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

- (i) We would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;
- (ii) They have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) They are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) They are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) They have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) They have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

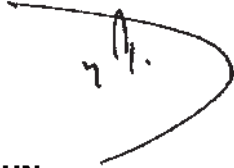
10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll and First Supplemental Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are advised to refer to the ensuing appendices for further information.

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

A handwritten signature in black ink, consisting of a stylized 'O' followed by 'T.C.' and a long horizontal stroke.

ONG TENG CHUN
Executive Director

INFORMATION ON OUR COMPANY**1. BOARD OF DIRECTORS**

The details of our Board are set out below:

Name (<i>Designation</i>)	Age	Address	Nationality
Dato' Ikhwan Salim Bin Dato' Haji Sujak (<i>Chairman – Independent Non-Executive</i>)	64	No. 126, Jalan Athinahapan 1 Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan	Malaysian
Dato' Sri Tai Hean Leng @ Tek Hean Leng (<i>Managing Director/ Chief Executive Officer</i>)	57	No. 9, Jalan Setiakasih 4 Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan	Malaysian
Lau Yoke Leong (<i>Executive Director/Chief Financial Officer</i>)	52	B-12-3, Abadi Villa Condo Jalan 2/109C Taman Abadi Indah 58100 Kuala Lumpur Wilayah Persekutuan	Malaysian
Ong Teng Chun (<i>Executive Director</i>)	53	102A, Jalan 18/155B Taman Esplanad, Bukit Jalil 57000 Kuala Lumpur Wilayah Persekutuan	Malaysian
Ng Wah Lok (<i>Senior Independent Non-Executive Director</i>)	60	2, Jalan Anggerik Eria 31/108 Kota Kemuning 40460 Shah Alam Selangor Darul Ehsan	Malaysian
Roy Thean Chong Yew (<i>Independent Non-Executive Director</i>)	49	E13A-3 Pelangi Utama Condominium Jalan Masjid PJU 6 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian
Muhammad Hanizam Bin HJ. Borhan (<i>Independent Non-Executive Director</i>)	48	No. 1, Jalan PU 10/13A Taman Puchong Utama 47100 Puchong Selangor Darul Ehsan	Malaysian
Ng Siew Peng (<i>Executive Director</i>)	42	No. 15-00-15, 1A Pinang Taman Sri Sentosa Di Jalan Klang Lama 58000 Kuala Lumpur Wilayah Persekutuan	Malaysian

1.1 Director' shareholdings

Pro forma effects of the Rights Issue with Warrants on the shareholdings of the Director are as follows:

Director	As at LPD			(I) After the Rights Issue with Warrants			(II) After (I) and assuming full exercise of all Warrants		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares (^{'000})	%	No. of Shares (^{'000})	No. of Shares (^{'000})	%	No. of Shares (^{'000})	No. of Shares (^{'000})	%	No. of Shares (^{'000})
Dato' Sri Tai Hean Leng @ Tek Hean Leng	950	0.21	140,693	(1)31.08	0.21	211,039	1,900	0.21	281,385
						31.08			31.08

Note:

(1) Deemed interested pursuant to Section 8(4) of the Act by virtue of their interests in TYT Resources Sdn Bhd.

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2. SHARE CAPITAL

As at LPD, our issued share capital is RM239,942,514.50 comprising 452,739,831 Masteel Shares.

3. HISTORICAL SHARE PRICE PERFORMANCE

The monthly highest and lowest market prices of Masteel Shares as traded on Bursa Securities for the past 12 months are as follows:

	High	Low
	RM	RM
2020		
September	0.320	0.285
October	0.315	0.275
November	0.400	0.280
December	0.775	0.385
2021		
January	0.670	0.475
February	0.715	0.490
March	0.640	0.550
April	0.695	0.560
May	0.905	0.565
June	0.615	0.485
July	0.540	0.470
August	0.545	0.480
The last transacted market price of Masteel Shares immediately prior to the announcement on 7 December 2020		0.480
Last transacted market price on LPD		0.545
The last transacted market price of Masteel Shares prior to ex-rights date on 27 September 2021		0.465

(Source: M&A Securities)

4. OPTION TO SUBSCRIBE FOR SHARES

As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants that may be granted, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.

5. MATERIAL CONTRACTS

Save as disclosed as below, to the best knowledge of our Board, neither Masteel nor its subsidiaries have entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past 2 years preceding the date of this Abridged Prospectus:

- (i) The Deed Poll;
- (ii) The First Supplemental Deed Poll; and
- (iii) The Underwriting Agreement.

6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below and as at LPD, to the best knowledge of our Board, neither Masteel nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against Masteel and its subsidiaries or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of Masteel Group:

Shah Alam High Court Suit No. BA-22NCC-82-07/2019 Safety Capital Sdn Bhd ("Safety Capital") vs Masteel

Masteel has been served with a Writ of Summons dated 17 July 2019 and Statement of Claim dated 12 June 2019 by Safety Capital. Safety Capital is seeking for, inter alia, the payment of RM10.681 million by Masteel ("**Claimed Sum**"), together with interest and cost, which is in relation to alleged advances made by Safety Capital to Masteel between the year 2002 to 2004.

The claim by Safety Capital is premised on the allegation (which is denied) that certain sums of money were fraudulently transferred from Safety Capital to Masteel between 2002 and 2004 and that whilst some of the sums were repaid, the Claimed Sum remains outstanding.

On 11 August 2020, Masteel has taken out an application to strike-out Safety Capital's claim. Such application has been dismissed by the court and this matter is scheduled for trial on 16 August 2021 to 18 August 2021. At the end of the trial, the learned judge has directed the parties to present written submissions by 10 September 2021 and scheduled oral submission by both counsel on 17 September 2021, and subsequently re-scheduled to 14 October 2021.

Our Board taking into consideration the advice of our solicitors on record is of the view that Masteel has a good defence against the claim which will be vigorously contested. As this claim is non-trading in nature and after considering the view of our solicitors that we have a good defence against the claim, our Board is of the view that this claim will not have any material financial and operational impact on Masteel Group.

7. KEY FINANCIAL INFORMATION

7.1 Historical financial performance

	Audited			Unaudited	
	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,496,853	1,195,306	1,383,513	397,640	439,737
Cost of sales	(1,409,186)	(1,140,454)	(1,343,070)	(376,758)	(406,390)
Gross profit	87,667	54,852	40,443	20,882	33,347
Other operating income / (expenses)	7,044	3,831	13,431	(10,038)	(4,708)
Distribution costs	(26,378)	(22,020)	(22,510)	(6,539)	(5,939)
Administrative expenses	(47,587)	(35,113)	(25,115)	(375)	(4,133)
Finance costs	(15,747)	(22,658)	(21,991)	(8,796)	(5,709)
Share of results of associates	(161)	387	(242)	29	112
PBT/(LBT)	4,838	(20,721)	(15,984)	(4,837)	12,970
Tax credit/(expenses)	1,867	12,395	1,258	665	(4,580)
PAT/(LAT)	6,705	(8,326)	(14,726)	(4,172)	8,390
Other comprehensive income					
Revaluation of lands	-	76,649	-	-	-
Total comprehensive income/(expense) for the financial year	6,705	68,323	(14,726)	(4,172)	8,390
Total comprehensive income/(loss) attributable to:					
Owners of the Company	6,705	(8,326)	(14,726)	(4,172)	8,390

Financial commentary for the FYE 2019 compared to FYE 2018

Our Group recorded a decrease in revenue by 20.1% to RM1.2 billion as compared to RM1.5 billion in the previous financial year, as a result of the decrease in average selling prices and sales volume in the year, due to depressed demand for local steel producers in Malaysia as the influx of steel products from China had significantly increased to the supply of steel products in Malaysia, particularly in the first half of 2019.

In line with the decrease in revenue, our Group's gross profit decreased from RM87.7 million for the FYE 2018 to RM54.9 million for the FYE 2019.

Resulting from the above, our Group recorded LAT in FYE 2019 of RM8.3 million as compared to a PAT incurred in FYE 2018 of RM6.7 million. The main factor which contributed to the loss was the increase finance costs from RM15.7 million in FYE 2018 to RM22.7 million in FYE 2019 as a consequence of the issuance of a RM130.0 million Sukuk in November 2018.

Financial commentary for the FYE 2019 compared to FYE 2020

Our Group recorded revenue of RM1.4 billion in FYE 2020 which represents an increase by RM188.2 million or 15.7% from RM1.2 billion in FYE 2019. The increase in revenue was mainly due to higher average selling prices, more exports of billets and pent-up demand of steel products in the second half of the year after economic restrictions were uplifted. A major contributor for the increase in selling prices is the pump-priming activities by the Chinese government's infrastructure sector which increased China's consumption of steel. Despite the improved revenue, the various forms of MCO imposed by our government had impacted our operations and utilisation efficiency which in turn resulted in a compression of our gross profit margin. For FYE 2020, we recorded a gross profit of RM40.4 million, a decrease of 26.3% or RM14.4 million from RM54.9 million in FYE 2019. However, on a quarterly basis, we saw our gross profit margins improve over the last two quarters of FYE 2020 due to a swifter economic recovery in both domestic and global markets.

Despite lower gross profits, our Group managed to reduce our LBT from RM20.7 million in the previous year to a LBT of RM16.0 million in FYE 2020, which was mainly attributable to lower administrative expenses due to reversal on the impairment of inventories and higher in other operating income due to increase in foreign exchange gain. Due to a lower tax credit in FYE 2020, our Group reported a LAT of RM14.7 million in FYE 2020 as compared to a LAT of RM8.3 million in the preceding year.

Financial commentary for the FPE 2020 compared to FPE 2021

Our Group posted a slightly higher revenue or approximately RM439.7 million for the first quarter of 2021 as compared RM397.6 million achieved in the corresponding quarter in FPE 2020. The increase in revenue was mainly attributed to higher selling prices in line with the increase in global steel prices.

In line with the increase in revenue, our Group's gross profit increased from RM20.9 million for the FPE 2020 to RM33.3 million for the FPE 2021.

Consequently, our Group registered PAT in FPE 2021 of RM8.4 million as compared to a LAT incurred in FPE 2020 of RM4.2 million. This was mainly due to recovery of selling prices, improved plant efficiency and cost savings measures undertaken in the plants.

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7.2 Historical financial position

	Audited			Unaudited
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 31 March 2021
	RM'000	RM'000	RM'000	RM'000
Non-current assets	636,604	750,783	786,174	785,085
Current assets	740,233	767,509	820,444	860,571
Total assets	1,376,837	1,518,292	1,606,618	1,645,656
Share capital	230,094	233,310	239,942	239,942
Subscription money received	-	950	-	-
Revaluation reserves	-	76,649	76,649	76,649
Treasury shares	(1,199)	(1,324)	(1,490)	(1,490)
Retained earnings	428,723	420,397	405,671	414,061
Total equity	657,618	729,982	720,772	729,162
Non-current liabilities	156,412	143,616	98,746	98,001
Current liabilities	562,807	644,694	787,100	818,493
Total liabilities	719,219	788,310	885,846	916,494
Total equity and liabilities	1,376,837	1,518,292	1,606,618	1,645,656

7.3 Historical cash flows

	Audited			Unaudited
	FYE 2018	FYE 2019	FYE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000
<u>Net cash from/(used in)</u>				
Operating activities	44,575	(41,296)	91,688	11,821
Investing activities	(61,520)	(47,036)	(65,463)	(10,069)
Financing activities	36,524	76,482	(46,387)	(3,006)
Net increase/(decrease) in cash and cash equivalents	19,579	(11,850)	(20,162)	(1,254)
Cash and cash equivalents at beginning of the year	50,576	70,155	58,305	38,143
Cash and cash equivalents at end of the year	70,155	58,305	38,143	36,889

8. WRITTEN CONSENTS

The written consents of our Principal Adviser, Co-Underwriters, Company Secretary, Share Registrar, IMR and Solicitors for the Rights Issue with Warrants for the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of our Reporting Accountants for the inclusion in this Abridged Prospectus of their names and letter relating to the pro forma consolidated statement of financial position of our Group as at 31 March 2021, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company 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 from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (i) Constitution of our Company;
- (ii) The IMR Report;
- (iii) Letters of consent as referred to in Section 8 of this Appendix;
- (iv) Letter of Undertaking as referred to in Section 2.5 of this Abridged Prospectus;
- (v) Pro forma consolidated statement of financial position of Masteel Group as at 31 March 2021 together with the Reporting Accountants' report thereon, as set out in **Appendix II** of this Abridged Prospectus; and
- (vi) Material contracts as referred to in Section 5 of this Appendix.

10. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, which the omission of which would make any statement herein false or misleading.

M&A Securities, being our Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

RSM Malaysia
celebrating **40** years



RSM Malaysia (AF:0768)

5th Floor, Penthouse, Wisma RKT,
Block A, No.2, Jalan Raja Abdullah,
Off Jalan Sultan Ismail,
50300 Kuala Lumpur, Malaysia.

T +603 2610 2888

F +603 2698 6600

Malaysia Steel Works (KL) Bhd ("Masteel" or the "Company")

www.rsmmalaysia.my

Reporting Accountants' letter on the compilation of the pro forma consolidated statements of financial position for inclusion in the Company's abridged prospectus to shareholders to be dated 29 September 2021 ("Abridged Prospectus") in relation to proposed renounceable rights issue of 226,369,915 new ordinary shares in Malaysia Steel Works (KL) Bhd ("Masteel" or the "Company") ("Rights Shares") together with 226,369,915 free detachable warrants ("Warrant(s)") on the basis of 1 Rights Share for every 2 existing ordinary shares held in Masteel together with 1 Warrant for every 1 Rights Share subscribed on 29 September 2021 ("Proposed Rights Issue with Warrants")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Malaysia Steel Works (KL) Bhd and its subsidiaries (collectively defined as "Masteel Group") as at 31 March 2021, and the related notes as attached to this report in **Appendix I** which have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of Masteel ("Directors") has compiled the pro forma consolidated statements of financial position are described in Note 1 of **Appendix I**.

The pro forma consolidated statements of financial position have been compiled by the Directors solely to illustrate the impact of the Proposed Rights Issue with Warrants on the Masteel Group's financial position as at 31 March 2021, as if the exercise event has taken place at 31 March 2021.

As part of this process, information about the Masteel Group's financial position has been extracted by the Directors from the unaudited consolidated financial statements of the Group for the financial period ended 31 March 2021.

Directors' Responsibilities for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis described in Note 1 of **Appendix I**.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

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Reporting Accountants' Independence and Quality Control (continued)

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the Malaysian Institute of Accountants, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors on the basis described in Note 1 of **Appendix I**.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis described in Note 1 of **Appendix I**.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of Masteel Group as if the events have occurred or the transactions have been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effects to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of Masteel Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis stated in Note 1 of **Appendix I**.

Other Matters

Our report on the pro forma consolidated statements of financial position have been prepared for the Company for inclusion in the Abridged Prospectus in connection with the Proposal and should not be relied upon for any other purposes.

Yours faithfully,

RSM Malaysia
AF 0768
Chartered Accountants

21 September 2021

Lou Hoe Yin
03120/04/2022 J
Chartered Accountant

**MALAYSIA STEEL WORKS (KL) BHD ("MASTEEL" OR THE "COMPANY")
AND ITS SUBSIDIARIES ("MASTEEL GROUP")**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

The pro forma consolidated statements of financial position of the Masteel Group as at 31 March 2021 as set out below have been prepared solely for illustrative purposes only, to show the effects of all of the pro forma adjustments set out in Note 2, had these events been effected 31 March 2021, and should be read in conjunction with the rest of the notes in this attachment.

		Pro forma I		Pro forma II	Pro forma III
		Unaudited as at 31 March 2021	Adjusted for subsequent events	After the Rights Issue with Warrants	After (II) and assuming full exercise of all Warrants
Note		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
		776,571	776,571	776,571	776,571
		6,398	6,398	6,398	6,398
		2,116	2,116	2,116	2,116
		785,085	785,085	785,085	785,085
Current assets					
		591,116	591,116	591,116	591,116
		229,348	229,348	229,348	229,348
		1,772	1,772	1,772	1,772
		17,684	17,684	17,684	17,684
	3	20,651	22,423	99,239	188,655
		860,571	862,343	939,159	1,028,575
TOTAL ASSETS		1,645,656	1,647,428	1,724,244	1,813,660
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
	4	239,942	240,232	329,648	419,064
	5	-	-	38,030	-
		76,649	76,649	76,649	76,649
	6	(1,490)	-	-	-
	7	414,061	414,053	373,423	411,453
TOTAL EQUITY		729,162	730,934	817,750	907,166



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(CONTINUED)**

Note	<div style="display: flex; justify-content: space-around;"> Pro forma I Pro forma II Pro forma III </div>			
	Unaudited as at 31 March 2021	Adjusted for subsequent events	After the Rights Issue with Warrants	After (II) and assuming full exercise of all Warrants
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Lease liabilities	7,907	7,907	7,907	7,907
Borrowings	90,000	90,000	90,000	90,000
Deferred tax liabilities	94	94	94	94
	<u>98,001</u>	<u>98,001</u>	<u>98,001</u>	<u>98,001</u>
Current liabilities				
Trade and other payables	434,260	434,260	434,260	434,260
Trade deposits	57,203	57,203	57,203	57,203
Tax payable	199	199	199	199
Lease liabilities	3,464	3,464	3,464	3,464
Borrowings	323,367	323,367	313,367	313,367
	<u>818,493</u>	<u>818,493</u>	<u>808,493</u>	<u>808,493</u>
TOTAL LIABILITIES	<u>916,494</u>	<u>916,494</u>	<u>906,494</u>	<u>906,494</u>
TOTAL EQUITY AND LIABILITIES	<u>1,645,656</u>	<u>1,647,428</u>	<u>1,724,244</u>	<u>1,813,660</u>
 Number of Masteel shares ('000) (excluded treasury shares)	 450,379	 452,740	 679,110	 905,480
 Net assets per Masteel share (RM)	 1.62	 1.61	 1.20	 1.00
 Interest bearing borrowings (RM'000)	 424,738	 424,738	 414,738	 414,738
 Gearing ratio (times)	 0.58	 0.58	 0.51	 0.46



**MALAYSIA STEEL WORKS (KL) BHD ("MASTEEL" OR THE "COMPANY")
AND ITS SUBSIDIARIES ("MASTEEL GROUP")**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

1. Basis of preparation

The pro forma consolidated statements of financial position of Masteel Group as at 31 March 2021 are prepared based on the unaudited consolidated statements of financial position of Masteel Group for the financial period ended 31 March 2021, which were prepared in accordance with Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards. The accounting policies, basis and assumptions used in the preparation of the pro forma consolidated statements of financial position are consistent with those adopted by Masteel Group in the preparation of their audited financial statements for the financial year ended 31 December 2020.

The pro forma consolidated statements of financial position do not include the effects of the adoption of Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on 1 April 2021.

The pro forma is presented based on the assumptions that all 226,369,915 Rights Shares and 226,369,915 Warrants will be issued.

2. Pro forma consolidated statements of financial position as at 31 March 2021

The pro forma consolidated statements of financial position are for illustrative purposes only and to incorporate the following transactions as though they were effected on 31 March 2021:

A. Pro forma I incorporates effects of subsequent events:

Share resold

The Company re-issued 2,360,600 treasury shares by resale in the open market from 9 April 2021 to 5 May 2021 at resale price ranging from RM0.635 to RM0.895 per ordinary share. The proceeds from the resale will be utilised as working capital purposes of the Company.

B. Pro forma II incorporates effects of Pro forma I and the Proposed Rights Issue with Warrants:

The proposed rights issue of 226,369,915 Right Shares at an exercise price of RM0.395 each to raise gross proceeds of RM89.416 million.

A warrant reserve of RM38.030 million recognised for 226,369,915 free detachable warrant at a fair value of RM0.34 each computed using the Black-Scholes valuation model as extracted from Bloomberg. Black-Scholes is a pricing model used to determine the fair price based on six variables, namely volatility, type of option, underlying stock price, time strike price and risk-free rate.

The estimated expenses of RM2.6 million in relation to the Proposed Rights Issue will be debited to "Retained earnings" account.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(CONTINUED)**

2. Pro forma consolidated statements of financial position as at 31 March 2021 (continued)

B. Pro forma II incorporates effects of Pro forma I and the Proposed Rights Issue with Warrants: (continued)

The planned utilisation of proceeds raised from the Proposed Rights Issue with Warrants is as below:

Purpose	Utilisation of proceeds (RM'000)
Repayment of bank borrowings	10,000
Working capital	
- purchasing of raw materials	65,816
- utilities payment	11,000
<i>Sub-total</i>	76,816
Estimated expenses (in relation to the Proposed Rights Issue with Warrants include professional fees, fees payable to the relevant authorities, underwriting fees, printing cost of circular and abridged prospectus as well as meeting and advertising expenses)	2,600
	89,416

The excess or shortfall of actual proceeds, when available, will be utilised as additional working capital for the Group.

C. Pro forma III incorporates effects of Pro forma II and assuming full exercise of all Warrants:

The 226,369,915 Warrants are fully exercised and converted into 226,369,915 new Shares at an exercise price of RM0.395 each based on the assumption that 1 Warrant for every 1 Rights Share subscribed on 29 September 2021.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(CONTINUED)**

3. Movement in cash and bank balances

	RM'000
Unaudited balance at 31 March 2021	20,651
Effects of Pro forma I	
- treasury shares resold	1,772
Pro forma I	22,423
Effects of Pro forma II	
- issuance of new Rights Shares via Proposed Rights Issue	89,416
- less: estimated expenses [#]	(2,600)
- less: repayment of bank borrowings	(10,000)
Pro forma II	99,239
Effects of Pro forma III	
- conversion of Warrant exercised into new Shares	89,416
Pro forma III	188,655

[#] The estimated expenses in relation to the Proposed Rights Issue with Warrants include professional fees, fees payable to the relevant authorities, underwriting fees, printing cost of circular and abridged prospectus as well as meeting and advertising expenses.

4. Movement in share capital

	RM'000
Unaudited balance at 31 March 2021	239,942
Effects of Pro forma I	
- treasury shares resold	290
Pro forma I	240,232
Effects of Pro forma II	
- issuance of new Rights Shares via Proposed Rights Issue	89,416
Pro forma II	329,648
Effects of Pro forma III	
- conversion of Warrant exercised into new Shares	89,416
Pro forma III	419,064

Included in share capital was gains on treasury shares resold of approximately RM290,000.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(CONTINUED)**

5. Movement in warrant reserves

	RM'000
Unaudited balance at 31 March 2021/Pro forma I	-
Effects of Pro forma II	
- recognition of free warrant with Proposed Rights Issue	38,030
Pro forma II	38,030
Effects of Pro forma III	
- conversion of Warrant exercised into new Shares	(38,030)
Pro forma III	-

6. Movement in treasury shares

	RM'000
Unaudited balance at 31 March 2021	(1,490)
Effects of Pro forma I	
- shares resold	1,490
Pro forma I and Pro forma II and Pro forma III	-

7. Movement in retained earnings

	RM'000
Unaudited balance at 31 March 2021	414,061
Effects of Pro forma I	
- transaction costs of treasury shares resold	(8)
Pro forma I	414,053
Effects of Pro forma II	
- recognition of free warrant with Proposed Rights Issue	(38,030)
- less: estimated expenses [#]	(2,600)
Pro forma II	373,423
Effects of Pro forma III	
- exercise of warrant into new Shares	38,030
Pro forma III	411,453

[#] The estimated expenses in relation to the Proposed Rights Issue with Warrants include professional fees, fees payable to the relevant authorities, underwriting fees, printing cost of circular and abridged prospectus as well as meeting and advertising expenses.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(CONTINUED)**

8. Movement in borrowings

	RM'000
Unaudited balance at 31 March 2021/Pro forma I	323,367
Effects of Pro forma II	
- repayment of bank borrowings	(10,000)
Pro forma II and Pro forma III	<u>313,367</u>

