

MYCRON STEEL BERHAD (“MYCRON” OR THE “COMPANY”)

PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS

Reference is made to the Company’s announcements dated 23 August 2017, 10 October 2017 and 16 October 2017 in relation to the Proposed Right Issue of Shares with Warrants (“**Announcement(s)**”). Unless otherwise stated, the abbreviations and definitions used throughout this announcement shall have the same meaning as those previously defined in the Announcements.

1 INTRODUCTION

On 23 August 2017, TA Securities had, on behalf of the Board, announced that the Company proposed to undertake the proposed renounceable rights issue of up to 56,709,091 shares in Mycron together with up to 28,354,546 free detachable warrants on the basis of one (1) Right Share for every five (5) existing Mycron Shares together with one (1) Warrant for every two (2) Right Shares subscribed at the Entitlement Date (“**Original Proposed Rights Issue of Shares with Warrants**”).

TA Securities, on behalf of the Board, wishes to announce the following revision to the Original Proposed Rights Issue of Shares with Warrants after due deliberation from the Board: -

Key term pursuant to the Original Proposed Rights Issue of Shares with Warrants	Revised key term
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Basis of determining and justification for the issue price of the Rights Shares

The issue price of the Rights Shares was fixed by the Board at RM0.50 per Rights Share.

The issue price of the Rights Shares **will be determined and fixed by the Board at a later date**, after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration, amongst others, the historical share price movement of Mycron. (“**Proposed Revision**”).

For avoidance of doubt, the indicative issue price of the Rights Shares remains at RM0.50 per Rights Share.

Save as disclosed above, the other key terms to the Original Proposed Rights Issue of Shares with Warrants remain unchanged.

2 DETAILS OF THE PROPOSED REVISION

The basis of the Proposed Rights Issue of Shares with Warrants remains unchanged. The Proposed Rights Issue of Shares with Warrants entails the renounceable rights issue of up to 56,709,091 Rights Shares together with up to 28,354,546 Warrants on the basis of one (1) Right Share for every five (5) existing Mycron Shares together with one (1) Warrant for every two (2) Right Shares subscribed by the Entitled Shareholders.

2.1 **Basis of determining and justification for the issue price of the Rights Shares**

The issue price of the Rights Shares will be determined and fixed by the Board at a later date, after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration, amongst others, the historical share price movement of Mycron.

For illustration purposes, the indicative issue price of the Rights Shares of RM0.50 per Rights Share represents a discount of approximately RM0.2512 or 33.44% to the TERP of Mycron Shares of RM0.7512, based on the 5D-VWAP of Mycron Shares, up to and including the LPD, of RM0.8014.

(Note that the LPD throughout this announcement shall refer to 23 August 2017, being to the latest practicable date prior to the announcement of the Original Proposed Rights Issue of Shares with Warrants).

2.2 Major shareholder's undertaking

The shareholding of MIGB in Mycron, as at the LPD, together with its entitlement to the Rights Shares and Warrants is as follow: -

Major Shareholder	Shareholdings as at the LPD		Rights Shares entitlement		Warrants entitlement	
	No. of Shares	%	No. of Rights Shares	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
MIGB	202,050,221	71.26	40,410,044	71.26	20,205,022	71.26

Note: -

⁽¹⁾ Assuming the number of Rights Shares and Warrants entitlement under the Maximum Scenario.

The Proposed Rights Issue of Shares with Warrants will be implemented on a minimum subscription basis, with a minimum subscription level of 21,600,000 Rights Shares together with 10,800,000 Warrants ("**Minimum Subscription Level**"), for gross proceeds of approximately RM10.80 million at the indicative issue price of RM0.50 for each Rights Share. The Minimum Subscription Level was determined by the Board after considering, *inter alia*, the funding requirements of Mycron Group as set out in Section 2.7 of the Original Proposed Rights Issue of Shares with Warrants.

To meet the Minimum Subscription Level, Mycron has procured a written irrevocable undertaking dated 23 August 2017 from MIGB that it will subscribe for not less than 21,600,000 Rights Shares as set out in the table below so as to meet the Minimum Subscription Level and also that it will not dispose of any of its Mycron Shares following this announcement up to the Entitlement Date ("**Original Undertaking**").

Undertaking Party	Shareholdings as at the LPD		Minimum Rights Shares to be subscribed pursuant to the Original Undertaking
	No. of Mycron Shares	%	
MIGB	202,050,221	71.26	21,600,000

In view of the Proposed Revision, Mycron has on 18 December 2017 procured a revised written irrevocable undertaking from MIGB that it will subscribe for not less than 21,600,000 Rights Shares at an indicative issue price of RM0.50 per Rights Share as set out in the table below so as to meet the Minimum Subscription Level and to raise a minimum amount of not less than RM10,800,000 and also that it will not dispose of any of its Mycron Shares following the announcement of the Original Proposed Rights Issue of Shares with Warrants up to the Entitlement Date ("**Revised Undertaking**").

Undertaking Party	Shareholdings as at the LPD		Minimum Rights Shares to be subscribed pursuant to the Revised Undertaking based on indicative issue price of RM0.50 per Rights Share	Minimum value of Rights Shares undertaken for subscription pursuant to Revised Undertaking
	No. of Mycron Shares	%		
MIGB	202,050,221	71.26	21,600,000	RM10,800,000

MIGB will be released from the Revised Undertaking in the event of any act of God, strike, lockout, fire, flood, national emergency, war or other event beyond MIGB’s reasonable control which renders the performance of the Undertaking impossible for thirty (30) consecutive days.

The Revised Undertaking by MIGB will not give rise to any mandatory general offer obligation pursuant to the Rules on Take-Overs, Mergers and Compulsory Acquisitions.

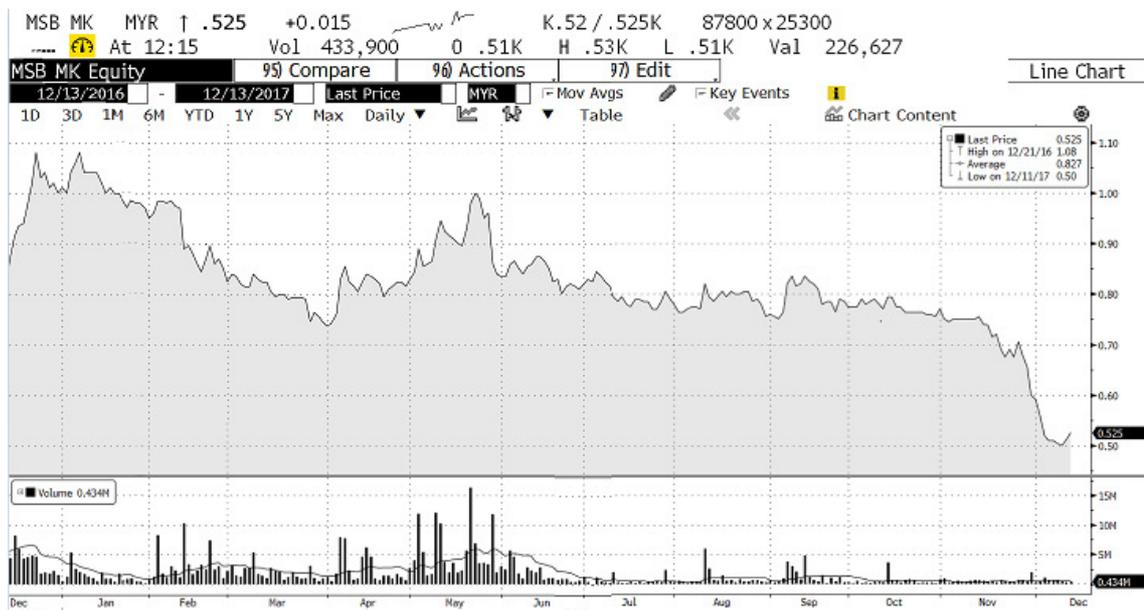
In view of the Revised Undertaking and that the Proposed Rights Issue of Shares with Warrants will be implemented based on the Minimum Subscription Level, no underwriting arrangement will be made in respect of the Proposed Rights Issue of Shares with Warrants.

Notwithstanding the Revised Undertaking, the Undertaking Party may subscribe in full to the Rights Shares with Warrants pursuant to its entitlement, as well as additional Rights Shares with Warrants via excess application should MIGB wishes to do so.

As mentioned in Mycron’s announcement in relation to Original Proposed Rights Issue of Shares with Warrants dated 23 August 2017, the Proposed Rights Issue of Shares with Warrants shall only be implemented upon the successful implementation of MIGB’s Proposed Rights Issue in view that the Undertaking is subject to MIGB’s Proposed Rights Issue.

3 RATIONALE FOR THE PROPOSED REVISION

The share price of Mycron has been on a declining trend since the announcement of the Original Proposed Rights Issue of Shares with Warrants as shown in the chart below: -



(Source: Bloomberg)

As such, the Proposed Revision will provide the Board with flexibility in determining the issue price of the Rights Shares at an appropriate discount to the TERP of Mycron Shares.

4. DIRECTORS' STATEMENT

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

This announcement is dated 18 December 2017.