



YUNG KONG GALVANISING INDUSTRIES BERHAD

(Company No. 032939-U)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Yung Kong Galvanising Industries Berhad ("YKGI" or the "Company") will be held at **Meeting Room 6, Borneo Convention Centre Kuching, The Isthmus, Sejingkat, 93050 Kuching, Sarawak**, on Tuesday, 16 April 2013 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions, with or without modifications:-

ORDINARY RESOLUTION 1 - PROPOSED ACQUISITION BY YKGI OF THE REMAINING 45.51% EQUITY INTEREST IN STARSHINE HOLDINGS SDN BHD ("SSH") NOT ALREADY OWNED BY YKGI, FOR A PURCHASE CONSIDERATION OF RM16,611,579 TO BE SATISFIED VIA THE ISSUANCE OF 33,223,158 NEW ORDINARY SHARES OF RM0.50 EACH IN YKGI ("YKGI SHARES" OR "SHARES") AT AN ISSUE PRICE OF RM0.50 PER YKGI SHARE ("ISSUE PRICE") ("PROPOSED ACQUISITION");

"THAT approval be and is hereby given to the Company to acquire 166,115,819 ordinary shares of RM0.10 each in SSH representing the remaining 45.51% equity interest not already owned by YKGI, free from all encumbrances, liens, charges and with all rights accruing thereto, for a purchase consideration of RM16,611,579 to be satisfied via the issuance and allotment of 33,223,158 new YKGI Shares at the Issue Price to Soh TL Holdings Sdn Bhd, Mt Sungai Sdn Bhd, Dato' Dr Hii Wi Sing, Dato' Hii Ngo Sing, Christopher Hii Lu Ming, Arthur Hii Lu Choon, Alexander Hii Lu Kwong, Victor Hii Lu Thian, Ir. Michael Hii Ee Sing, Cheah Kok Teong, Wong Kim Sing, Dato' Soh Thian Lai ("Dato' Soh"), Wei Kay Sing and Anna Hee Iong Kang @ Anna Hii, subject to the terms and conditions as contained in the conditional share sale agreement ("SSA") dated 18 July 2012;

AND THAT the SSA relating to the Proposed Acquisition be approved, ratified and confirmed;

AND THAT the Directors of YKGI ("Directors") be and are hereby authorised to issue 33,223,158 new YKGI Shares pursuant to the Proposed Acquisition **AND THAT** the new YKGI Shares so allotted shall, upon issuance and allotment, rank pari passu in all respects with the existing YKGI Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other form of distributions that may be declared, made or paid prior to the date of allotment of such new YKGI Shares pursuant to the Proposed Acquisition;

AND THAT the Directors be and are hereby authorised with full powers to take all steps and do all such acts and matters as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed Acquisition and with all preparatory steps taken and things done to date by the Directors (if any) in respect of the Proposed Acquisition be hereby duly ratified, with full powers to assent to any conditions, modifications, variations and/or amendments whether required by the relevant authorities or otherwise deemed to be in the best interests of the Company."

ORDINARY RESOLUTION 2 - PROPOSED PRIVATE PLACEMENT OF UP TO 39,106,980 NEW SHARES IN YKGI, REPRESENTING UP TO TWENTY PERCENT (20%) OF THE EXISTING ISSUED AND PAID-UP SHARE CAPITAL OF YKGI ("PROPOSED PRIVATE PLACEMENT");

"THAT authority be and is hereby given to the Directors to issue and allot, pursuant to the Proposed Private Placement of up to 39,106,980 new YKGI Shares ("Placement Shares") at an issue price to be determined later and priced at a discount of not more than 10% to the five (5)-day volume weighted average market price of YKGI Shares immediately preceding the price-fixing date to be determined later by the Directors ("Price-Fixing Date") or the par value of YKGI Shares of RM0.50, whichever is higher, to Dato' Soh and other placees to be identified later;

AND THAT the Company be and is hereby authorised to utilise the proceeds to be raised from the Proposed Private Placement in the manner as set out in Section 2.2.5 of the circular to shareholders of YKGI dated 1 April 2013 **AND THAT** the Directors be and are hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary and/or expedient, subject to approval of the relevant authorities, if required;

AND THAT the fractional Placement Shares that may arise under the Proposed Private Placement shall be dealt with by the Directors in such manner at their absolute discretion think fit and expedient and in the best interest of the Company;

AND THAT such Placement Shares so allotted shall, upon issuance and allotment, rank pari passu in all respects with the existing YKGI Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid prior to the date of allotment of the said Placement Shares;

AND THAT the Directors be and are hereby authorised with full powers to take all steps and do all such acts and matters as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed Private Placement and with all preparatory steps taken and things done to date by the Directors (if any) in respect of the Proposed Private Placement be hereby duly ratified, with full powers to assent to any conditions, modifications, variations and/or amendments whether required by the relevant authorities or otherwise deemed to be in the best interests of the Company."

ORDINARY RESOLUTION 3 - PROPOSED PRIVATE PLACEMENT OF UP TO 11,262,810 PLACEMENT SHARES TO DATO' SOH ("PROPOSED PRIVATE PLACEMENT TO DATO' SOH")

"THAT, subject to the passing of Ordinary Resolution 2 above, authority be and is hereby given to the Directors to issue and allot, pursuant to the Proposed Private Placement of up to 11,262,810 Placement Shares at an issue price to be determined later and priced at a discount of not more than 10% to the five (5)-day volume weighted average market price of YKGI Shares immediately preceding the Price-Fixing Date or the par value of YKGI Shares of RM0.50, whichever is higher, to Dato' Soh;

AND THAT such Placement Shares so allotted shall, upon issuance and allotment, rank pari passu in all respects with the existing YKGI Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid prior to the date of allotment of the said Placement Shares;

AND THAT the Directors be and are hereby authorised with full powers to take all steps and do all such acts and matters as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed Private Placement to Dato' Soh and with all preparatory steps taken and things done to date by the Directors (if any) in respect of the Proposed Private Placement to Dato' Soh be hereby duly ratified, with full powers to assent to any conditions, modifications, variations and/or amendments whether required by the relevant authorities or otherwise deemed to be in the best interests of the Company."

ORDINARY RESOLUTION 4 - PROPOSED RESTRICTED ISSUE OF 48,799,998 NEW SHARES IN YKGI TO MARUBENI-TOCHU STEEL INC. ("PROPOSED RESTRICTED ISSUE");

"THAT authority be and is hereby given to the Directors to issue and allot by way of a restricted issue of 48,799,998 new YKGI Shares ("Restricted Issue Shares") at an issue price to be determined later and priced at a discount of not more than 10% to the five (5)-day volume weighted average market price of YKGI Shares immediately preceding the Price-Fixing Date or the par value of YKGI Shares of RM0.50, whichever is higher, to Marubeni-Tochu Steel Inc.;

AND THAT the Company is authorised to utilise the proceeds to be raised from the Proposed Restricted Issue in the manner as set out in Section 2.2.5 of the circular to shareholders of YKGI dated 1 April 2013 **AND THAT** the Directors be and are hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary and/or expedient, subject to approval of the relevant authorities, if required;

AND THAT such Restricted Issue Shares so allotted shall, upon issuance and allotment, rank pari passu in all respects with the existing YKGI Shares, save and except that the Restricted Issue Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid

prior to the date of allotment of the said Restricted Issue Shares;

AND THAT the Directors be and are hereby authorised with full powers to take all steps and do all such acts and matters as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed Restricted Issue and with all preparatory steps taken and things done to date by the Directors (if any) in respect of the Proposed Restricted Issue be hereby duly ratified, with full powers to assent to any conditions, modifications, variations and/or amendments whether required by the relevant authorities or otherwise deemed to be in the best interests of the Company."

ORDINARY RESOLUTION 5 - PROPOSED BONUS ISSUE OF UP TO 38,184,333 NEW SHARES IN YKGI TO THE ORDINARY SHAREHOLDERS OF YKGI ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TEN (10) EXISTING YKGI SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER AFTER THE COMPLETION OF PROPOSED ACQUISITION, PROPOSED PRIVATE PLACEMENT AND PROPOSED RESTRICTED ISSUE ("PROPOSED BONUS ISSUE OF SHARES");

"THAT authority be and is hereby given to the Directors to issue and allot, pursuant to the Proposed Bonus Issue of Shares, of up to 38,184,333 Bonus Shares to the ordinary shareholders of YKGI to be credited as fully paid-up capital on the basis of one (1) Bonus Share for every ten (10) existing YKGI Shares held by the shareholders of YKGI whose name appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later after the completion of Proposed Acquisition, Proposed Private Placement and Proposed Restricted Issue;

AND THAT the authority be and is hereby given to the Directors to capitalise the Proposed Bonus Issue of Shares from the Company's retained earnings;

AND THAT any fractional Bonus Shares entitlements that may arise under the Proposed Bonus Issue of Shares will be disregarded and shall be dealt with by the Directors in such manner at their absolute discretion deem fit and expedient and in the best interest of the Company;

AND THAT such Bonus Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing YKGI Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other form of distributions that may be declared, made or paid prior to the date of allotment of the Bonus Shares;

AND THAT the Directors be and are hereby authorised with full powers to take all steps and do all such acts and matters as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed Bonus Issue of Shares and with all preparatory steps taken and things done to date by the Directors (if any) in respect of the Proposed Bonus Issue of Shares be hereby duly ratified, with full powers to assent to any conditions, modifications, variations and/or amendments whether required by the relevant authorities or otherwise deemed to be in the best interests of the Company."

ORDINARY RESOLUTION 6 - PROPOSED BONUS ISSUE OF UP TO 114,553,000 NEW WARRANTS IN YKGI ("WARRANT(S)") TO THE ORDINARY SHAREHOLDERS OF YKGI ON THE BASIS OF THREE (3) FREE WARRANTS FOR EVERY TEN (10) EXISTING YKGI SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER AFTER THE COMPLETION OF PROPOSED ACQUISITION, PROPOSED PRIVATE PLACEMENT AND PROPOSED RESTRICTED ISSUE ("PROPOSED BONUS ISSUE OF WARRANTS");

"THAT authority be and is hereby given to the Directors to issue up to 114,553,000 new Warrants in YKGI to the ordinary shareholders of the Company on the basis of three (3) free Warrants for every ten (10) existing YKGI Shares held by the shareholders of YKGI whose name appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later after the completion of Proposed Acquisition, Proposed Private Placement and Proposed Restricted Issue;

AND THAT the authority be and is hereby given to the Directors to issue such additional new Warrants as may be required or permitted to be issued as a consequence of the adjustments ("Consequential Warrant(s)") under the provisions in the deed poll to be executed, constituting the new Warrants ("Deed Poll");

AND THAT the authority be and is hereby given to the Directors to issue and allot such appropriate number of new YKGI Shares credited as fully paid-up capital arising from the exercise of the new Warrants by the holders thereof in accordance with the provisions of the Deed Poll, including such appropriate number of new YKGI Shares arising from the exercise of subscription rights represented by the Consequential Warrants;

AND THAT any fractional new Warrants entitlements that may arise under the Proposed Bonus Issue of Warrants will be disregarded and shall be dealt with by the Directors in such manner at their absolute discretion deem fit and expedient and in the best interest of the Company;

AND THAT such new YKGI Shares to be issued pursuant to the exercise of the new Warrants and the Consequential Warrants (as the case may be) shall, upon issuance and allotment, rank pari passu in all respects with the existing YKGI Shares, save and except that the new YKGI Shares will not be entitled to any dividends, rights, allotments and/or other form of distributions that may be declared prior to the date of issuance and allotment of the new YKGI Shares arising from the exercise of the new Warrants and the Consequential Warrants (as the case may be);

AND THAT the Directors be and are hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be imposed by the relevant authorities or deemed necessary by the Board of Directors, and to take all steps as they may consider necessary in order to implement, finalise and give full effect to the Deed Poll subject to all provisions and adjustments contained in the Deed Poll;

AND THAT the Directors be and are hereby authorised with full powers to take all steps and do all such acts and matters as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed Bonus Issue of Warrants and with all preparatory steps taken and things done to date by the Directors (if any) in respect of the Proposed Bonus Issue of Warrants be hereby duly ratified, with full powers to assent to any conditions, modifications, variations and/or amendments whether required by the relevant authorities or otherwise deemed to be in the best interests of the Company."

By Order of the Board

**Voon Jan Moi (MAICSA 7021367)
Ir Michael Hii Ee Sing (LS 000872)
Company Secretaries**

**Kuching
1 April 2013**

Notes:

- A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.*
- To be valid, the form of proxy, duly completed, must be deposited at the registered office of the Company at Lot 712 Block 7 Demak Laut Industrial Park, 93050 Kuching, Sarawak, Malaysia not less than 48 hours before the time holding the meeting or any adjournment thereof.*
- A member of the Company entitled to attend and vote at this Extraordinary General Meeting ("EGM") shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- If an appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
- A depositor whose name appears in the Record of Depositors as at 10 April 2013 shall be regarded as a member of the Company entitled to attend this EGM or appoint a proxy to attend and vote on his behalf.*