



THONG GUAN INDUSTRIES BERHAD

(Company No. 324203-K)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Thong Guan Industries Berhad ("TGIB" or the "Company") will be held at the Meranti Room, Level 2, Park Avenue Hotel, E-1, Jalan Indah 2, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Wednesday, 28 May 2014 at 11.30 a.m. for the purpose of considering and if thought fit, passing with or without modification, the following resolution:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM52,602,250 NOMINAL VALUE OF 5-YEAR 5.00% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCK AT 100% OF ITS NOMINAL VALUE OF RM1.00 EACH ("ICULS") ON THE BASIS OF ONE (1) RM1.00 NOMINAL VALUE OF ICULS FOR EVERY TWO (2) ORDINARY SHARES OF RM1.00 IN TGIB ("TGIB SHARE(S)" OR "SHARE(S)") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE"), TOGETHER WITH UP TO 26,301,125 FREE NEW WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) ICULS SUBSCRIBED ("PROPOSED RIGHTS ISSUE OF ICULS WITH WARRANTS")

"THAT, subject to the approval-in-principle granted by Securities Commission Malaysia and Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other relevant authorities/ parties (if applicable), approval be and is hereby given to the Directors of the Company for the following:

- (a) to provisionally allot and issue by way of a renounceable rights issue of up to RM52,602,250 nominal value of 5-year 5.00% ICULS on the basis of one (1) RM1.00 nominal value of ICULS for every two (2) TGIB Shares by way of provisional allotment to shareholders whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined and announced later by the Board of Directors of TGIB ("**Board**") ("**Entitlement Date**") together with up to 26,301,125 Warrants on the basis of one (1) Warrant for every two (2) ICULS subscribed;
- (b) to enter into and execute the trust deed constituting the ICULS and to do all acts, deeds and things as they deem fit or expedient in order to implement, finalise and give effect to the aforesaid trust deed wherein the ICULS are convertible into new TGIB Shares on any market day from the second (2nd) anniversary of the date of issuance of the ICULS ("**ICULS Issue Date**") up to the date falling five (5) years from the ICULS Issue Date at the conversion price of RM1.00 for every one (1) new TGIB Share which is subject to adjustments in accordance with the provisions of the trust deed;
- (c) to enter into and execute the deed poll constituting the Warrants ("**Deed Poll**") and to do all acts, deeds and things as they deem fit or expedient in order to implement, finalise and give effect to the aforesaid Deed Poll wherein each of the Warrants will carry the right to subscribe, subject to any adjustment in accordance with the Deed Poll to be executed, at any time during the "Exercise Period" as defined in the Deed Poll, for one (1) new TGIB Share at an exercise price of RM1.50;
- (d) to allot and issue such number of new TGIB Shares pursuant to the conversion of the ICULS and the exercise of the Warrants, from time to time during the tenure of the ICULS and the Warrants, and such new TGIB Shares shall, upon allotment and issuance, rank pari passu in all respects with the existing TGIB Shares provided that such new TGIB Shares then issued, shall not be entitled to any dividend, right, allotment and/ or other distribution declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the said new TGIB Shares;
- (e) to allot and issue such further Warrants and new TGIB Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/ or as may be required by the relevant authorities; and
- (f) to do all such acts and things including but not limited to the application to Bursa Securities for the listing of and quotation for the new TGIB Shares which may from time to time be allotted and issued upon conversion of the ICULS and exercise of the Warrants;

THAT, any fractional entitlements under the Proposed Rights Issue of ICULS with Warrants will be disregarded and shall be dealt with in such manner as the Directors shall in their absolute discretion deem expedient in the best interest of the Company;

THAT, the proceeds of the Proposed Rights Issue of ICULS with Warrants be utilised for the purposes as set out in the circular to shareholders of the Company dated 8 May 2014 ("**Circular**"), and the Directors be 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 (where required) to the approval of the relevant authorities;

THAT, the new TGIB Shares arising from the conversion of the ICULS and exercise of the Warrants will, upon allotment and issue, rank pari passu in all respects with the existing TGIB Shares, save and except that they will not be entitled to any dividend, right, allotment and/ or other distribution that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new TGIB Shares arising from conversion of the ICULS and the exercise of the Warrants;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue of ICULS with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of ICULS with Warrants."

By Order of the Board

ONG TZE-EN (MAICSA 7026537)
LAU YOKE LENG (MAICSA 7034778)
Joint Company Secretaries

Dated: 8 May 2014

Notes:

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. Such proxy need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of the Companies under the Companies Act, 1965 in a particular case. A member may appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies to attend at the same meeting, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) 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.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under Common Seal of the company or under the hand of an officer or attorney duly authorised.
4. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
5. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 43(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 20 May 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.