

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Lion Industries Corporation Berhad ("**LICB**" or the "**Company**") will be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 20 November 2019 at 2.30 pm for the purpose of considering and, if thought fit, passing the following Ordinary Resolutions:

ORDINARY RESOLUTION 1
PROPOSED EXPANSION INTO FLAT STEEL BUSINESS VIA THE FOLLOWING PROPOSALS:

- (I) **PROPOSED ACQUISITION BY CENDANA ASET SDN BHD ("CENDANA ASET"), A WHOLLY-OWNED SUBSIDIARY OF CENDANA DOMAIN SDN BHD, WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF LICB FROM MEGASTEEL SDN BHD ("MEGASTEEL"), OF ALL THE ENCUMBERED ASSETS (AS DEFINED HEREIN) TOGETHER WITH THE ASSIGNMENT OF THE SECOMEX DEBT (AS DEFINED HEREIN) FOR A PURCHASE CONSIDERATION OF APPROXIMATELY RM537.73 MILLION, WHICH IS PAYABLE BY CENDANA ASET TO THE SECURED LENDERS OF MEGASTEEL ("MEGASTEEL SECURED LENDERS") ("PROPOSED ACQUISITION OF ENCUMBERED ASSETS");**
- (II) **PROPOSED ACQUISITION BY GELORA BERKAT SDN BHD ("GELORA BERKAT"), A WHOLLY-OWNED SUBSIDIARY OF TAHAP BERKAT SDN BHD, WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF LICB, OF THE PROMISSORY NOTE TO BE ISSUED BY MEGASTEEL TO THE SECURITY TRUSTEE (AS DEFINED HEREIN) IN RELATION TO THE UNDER-SECURED PORTION DEBT, FROM THE SECURITY TRUSTEE, FOR A CASH CONSIDERATION OF RM8.50 MILLION, WHICH IS PAYABLE BY GELORA BERKAT TO THE MEGASTEEL SECURED LENDERS ("PROPOSED ACQUISITION OF MS PROMISSORY NOTE"); AND**
- (III) **PROPOSED SUPPLY OF ELECTRICITY BY TENAGA NASIONAL BERHAD TO LICB AND ITS SUBSIDIARIES ("LICB GROUP") (OR ITS NOMINEES) FOR THEIR STEEL MILL OPERATIONS LOCATED IN BANTING INCLUDING THE FLAT STEEL ASSETS AND SETTLEMENT OF THE AMOUNT OWING BY MEGASTEEL TO TNB FOR A CASH CONSIDERATION OF RM35.80 MILLION ("PROPOSED TNB SUPPLY AND SETTLEMENT")**

"THAT, subject to the approvals of all relevant authorities and/or parties (where required) being obtained, approval be and is hereby given for:

- (a) Cendana Aset to acquire from Megasteel (directly and indirectly) the entire encumbered fixed and floating assets consisting of the following:

- (i) all that pieces of land registered in the name of Megasteel held under:

- (aa) H.S.(D) 13423 No. PT 17214;
- (bb) H.S.(D) 13426 No. PT 17218;
- (cc) H.S.(D) 13424 No. PT 17215; and
- (dd) H.S.(D) 13422 No. PT 17213,

all of Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor (collectively, the "**Encumbered Land**") and buildings;

- (ii) plant and machineries and floating assets owned by Megasteel; and

- (iii) 500,000 ordinary shares in the capital of Secomex Manufacturing (M) Sdn Bhd ("**Secomex**") ("**Secomex Shares**"), representing 100% equity interest in Secomex and indirectly through the acquisition of the Secomex Shares, all that piece of freehold land held under Geran GM6752, Lot No. 45711, Mukim of Tanjung Duabelas, District of Kuala Langat, State of Selangor and plant and machineries and floating assets owned by Secomex;

(collectively, the "**Encumbered Assets**") together with the assignment of the entire debt owing by Secomex to Megasteel as at completion date of SPA-I (as defined herein) ("**Secomex Debt**"), for a total purchase consideration of approximately RM537.73 million ("**Purchase Consideration for Encumbered Assets**") subject to the terms and conditions as set out in Section 2.1.2 of the Circular to Shareholders dated 5 November 2019 ("**Circular**"), the sale and purchase agreement to be entered into between Cendana Aset and Megasteel ("**SPA-I**") and any other agreements and/or documents to be entered into to give effect to the Proposed Acquisition of Encumbered Assets as set out in Section 2.5 of the Circular.

- (b) Gelora Berkhat to acquire from Malaysian Trustee Berhad, being the appointed scheme trustee, security trustee and paying agent to act on behalf of the Megasteel Secured Lenders ("Security Trustee"), the promissory note to be issued by Megasteel to the Security Trustee in relation to the under-secured portion debt, being the balance of the debt owing by Megasteel to the Megasteel Secured Lenders after deducting the purchase consideration for the Proposed Acquisition of Encumbered Assets from the total debt owing by Megasteel to the Megasteel Secured Lenders, for a cash consideration of RM8.50 million, subject to the terms and conditions as set out in Section 2.2.2 of the Circular and any other agreements or documents to be entered into to give effect to the Proposed Acquisition of MS Promissory Note; and
- (c) Oriental Shield Sdn Bhd ("**Oriental Shield**") to settle the payment for the proposed supply of electricity by TNB to LICB and its subsidiaries (or its nominees) for their steel mill operations located in Banting for a cash consideration of RM35.80 million, subject to the terms and conditions as set out in the Tri-Partite Settlement Agreement dated 3 July 2018 entered into among Megasteel, Oriental Shield and TNB, and letters from the solicitors acting on behalf of TNB dated 13 September 2018, 11 March 2019 and 11 July 2019 respectively for extensions of time to satisfy the conditions precedent as set out in the Tri-Partite Settlement Agreement and to enter into such other agreements to give effect to the Proposed TNB Supply and Settlement.

THAT pursuant to the Proposed Acquisition of Encumbered Assets, Cendana Aset be authorised to do the following:

- (a) provide an undertaking to pay the Purchase Consideration for Encumbered Assets to the Megasteel Secured Lenders as per the timeline prescribed in Section 2.1.2 of the Circular to Shareholders dated 5 November 2019 ("**Cendana Aset Undertaking**");
- (b) enter into novation or new lease agreements or any other form of agreements and/or documents to enable Cendana Aset to replace Megasteel as the lessor of the existing leases and tenancies on the relevant Encumbered Land and to subsequently exercise the option to renew and/or option to purchase under the relevant leases and tenancies agreements; and
- (c) accept the grant of an easement by Megasteel over all that piece of freehold land under Geran H.S.(D) 26819 No. PT 17217, Mukim of Tanjung Duabelas, District of Kuala Langat, State of Selangor for access to all that piece of freehold land under Geran H.S.(D) 13426 No. PT 17218, Mukim of Tanjung Duabelas, District of Kuala Langat, State of Selangor to be acquired by Cendana Aset as part of the Encumbered Land for a consideration of RM0.55 million;

(collectively, the "**Other Related Proposals of the Proposed Acquisition of Encumbered Assets**");

THAT the Company be authorised to provide a corporate guarantee of up to approximately RM537.73 million in favour of the Megasteel Secured Lenders as security for the Cendana Aset Undertaking ("**LICB Corporate Guarantee**");

AND THAT the Directors be and are hereby authorised to do all such acts and things to execute all necessary documents to give full effect to and complete the Proposed Acquisition of Encumbered Assets, the Proposed Acquisition of MS Promissory Note, the Proposed TNB Supply and Settlement, the Other Related Proposals of the Proposed Acquisition of Encumbered Assets and the provision of the LICB Corporate Guarantee with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as they may deem fit and/or as may be required by any relevant authorities, and to take such steps and actions as the Board deems fit, necessary or as the Directors may deem necessary and expedient to finalise, implement and give full effect to and complete the Proposed Acquisition of Encumbered Assets, the Proposed Acquisition of MS Promissory Note, the Proposed TNB Supply and Settlement, the Other Related Proposals of the Proposed Acquisition of Encumbered Assets and the provision of the LICB Corporate Guarantee."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY GELORA BERKAT SDN BHD ("GELORA BERKAT") OF ALL THE UNENCUMBERED ASSETS OF MEGASTEEL FOR A CASH CONSIDERATION OF APPROXIMATELY RM21.59 MILLION, WHICH IS PAYABLE BY GELORA BERKAT TO MEGASTEEL SDN BHD ("MEGASTEEL") ("PROPOSED ACQUISITION OF UNENCUMBERED ASSETS")

"THAT, subject to the passing of Ordinary Resolution 1, and conditional upon the approvals of all relevant authorities and/or parties (where required) being obtained, approval be and is hereby given for Gelora Berkhat to acquire the entire unencumbered assets consisting of:

- (a) all that piece of freehold land held under H.S.(D) 26819, No. PT 17217, Mukim of Tanjung Duabelas, District of Kuala Langat, State of Selangor; and
- (b) all that piece of land held under H.S (D) 43988, No. PT 457, Pekan Bukit Changgang, District of Kuala Langat, State of Selangor,

from Megasteel, for a cash consideration of approximately RM21.59 million, subject to the terms and conditions as set out in Section 2.3.2 of the Circular to Shareholders dated 5 November 2019, the sale and purchase agreement to be entered into between Megasteel and Gelora Berkhat and any other agreements and/or documents be entered into to give effect to the Proposed Acquisition of Unencumbered Assets;

THAT pursuant to the Proposed Acquisition of Unencumbered Assets, Gelora Berkhat be authorised to enter into novation or new lease agreements or any other form of agreements and/or documents to enable Gelora Berkhat to replace Megasteel as the lessor of the existing leases and tenancies on the relevant Unencumbered Assets to subsequently exercise the option to renew and/or option to purchase under the relevant leases and tenancies agreements ("**Proposed Unencumbered Assets Leases**").

AND THAT the Directors be and are hereby authorised to do all such acts and things to execute all necessary documents to give full effect to and complete the Proposed Acquisition of Unencumbered Assets and the Proposed Unencumbered Assets Leases with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as they may deem fit and/or as may be required by any relevant authorities, and to take such steps and actions as the Directors deems fit, necessary or as the Directors may deem necessary and expedient to finalise, implement and give full effect to and complete the Proposed Acquisition of Unencumbered Assets and the Proposed Unencumbered Assets Leases."

By Order of the Board

WONG PHOOI LIN (MAICSA 7013812)

WONG PO LENG (MAICSA 7049488)

Secretaries

Kuala Lumpur
5 November 2019

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 14 November 2019 shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. If a member appoints two (2) proxies, the proportion of his shareholdings represented by each proxy must be specified.
4. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners 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.
6. The instrument appointing a proxy shall be deposited at the Office of the Registrar of the Company at Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting.
7. Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.