

## **LION INDUSTRIES CORPORATION BERHAD**

**Registration No. 192401000008 (415-D)**

(Incorporated in Malaysia)

Extract of Minutes of the Extraordinary General Meeting of the Company held virtually at the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on 10 December 2021 at 9.30 am.

### **1. OPENING**

At the outset, the Chairman introduced the Managing Director and the Secretary who were present at the Broadcast Venue and the other Directors who joined remotely through live streaming.

The Chairman further informed that no photography, screenshot, or any form of audio or video recording was allowed of the Meeting.

### **2. QUORUM**

The Chairman informed that he had been advised that more than 30 attendees had logged in to the Securities Services e-Portal and there being a quorum present, the Chairman duly called the Meeting to order.

### **3. NOTICE OF MEETING**

The Chairman explained that the Notice convening the Meeting together with the Circular to Shareholders (“Circular”) had been made available for download from the website of the Company since 25 November 2021 and as such, the Notice was taken as read.

### **4. PROCEEDINGS OF MEETING**

Before proceeding with the only item on the Agenda, the Chairman informed that in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Constitution of the Company, the Ordinary Resolution tabled at the Meeting would be voted upon by way of a poll.

The Chairman further informed that the Company had appointed SS E Solutions Sdn Bhd as the Poll Administrator to conduct the remote voting and polling process, and Commercial Quest Sdn Bhd as the Independent Scrutineers to verify the results of the poll.

The Chairman explained that the Question and Answer session on questions submitted by Shareholders would be addressed after going through the agenda item, and that the Board would endeavour to respond to all questions relevant to the agenda item.

The step-by-step guide on the on-line voting within the e-Portal (“Online Voting Guide”) was presented to guide Shareholders on the online voting facility which had been accessible since the start of the Meeting.

## 5. PROPOSED DISPOSAL

The Ordinary Resolution in respect of the proposed disposal by Amsteel Mills Sdn Bhd, a 99% owned subsidiary of the Company, of its entire 100% equity interest in Antara Steel Mills Sdn Bhd to Esteel Enterprise Pte Ltd for the Adjusted Consideration (as defined in the Circular) of approximately USD160.67 million which was equivalent to approximately RM671.59 million (“Proposed Disposal”) was tabled to the Shareholders for approval.

The Chairman then invited Mr Lin Hon Kuen, the Director of Corporate Planning Department to brief on the Proposed Disposal.

Mr Lin summarised the Proposed Disposal covering the following areas as set out in the Circular:

- (i) Composition of the Proforma Adjusted Consideration and its payment terms;
- (ii) Basis and justification for the Specified Assets Consideration and the Entire Consideration;
- (iii) Rationale for the Proposed Disposal; and
- (iv) Proposed utilisation of the proceeds.

## 6. QUESTION AND ANSWER SESSION

Y. Bhg. Tan Sri Cheng Yong Kim, the Managing Director and Mr Lin Hon Kuen, the Director of Corporate Planning Department, addressed comments and enquiries submitted by Shareholders via real time submission in relation to the Proposed Disposal and the following:

- (i) Proposed Disposal including the rationale and the utilisation of proceeds
  - (a) The earlier proposed disposal of the hot-briquetted iron plant owned by Antara Steel Mills Sdn Bhd which was approved by the Shareholders of the Company at the Extraordinary General Meeting held in February 2021 was not completed as certain conditions precedent of the agreement in relation thereto were not met by the stipulated date.
  - (b) Although the Group would realise a gain of about RM400 million from the Proposed Disposal, the Group had committed a major portion of the proceeds to fund the impending flat steel operation, and upgrading and enhancement to the steel plant operations to sustain the steel business of the Group. As such, no dividend would be paid from the proceeds of the Proposed Disposal.

However, as the Group had acquired the flat steel-making plant at a low cost, it was anticipated that once the plant started operation and recorded sustainable profits, the Company would be in a position to declare dividends.

- (ii) Operations of the steel plants of the Group which included anti-dumping duties and tariff on the steel products; raw material sourcing and cost; plant profitability, utilisation and sustainability; and operation strategies
  - (a) Average plant utilisation for all 3 steel-making plants of the Group located in Bukit Raja, Banting and Johor Bahru which produced long steel products was approximately 60% with the Bukit Raja plant being the most efficient at 90% utilisation.

- (b) The current focus of the Group was to ensure that the long products were profitable while working on starting the flat steel-making plant to produce hot rolled coil. The Group was also concurrently focusing on strengthening the control of raw material handling in terms of cost, sourcing and stock holding.

It was hopeful that with the good combination of the aforementioned efforts of the Group together with the Government’s support on new development projects, the demand for the Group’s steel products would be sustained and hence, enhanced profitability.

- (iii) Outlook of the Group and the steel industry which was expected to be better with the relaxation of mobility rules locally and globally in view of the improving situation of the COVID-19 pandemic.

The Chairman further explained that as the Company had changed its financial year end from June 2021 to December 2021, no annual general meeting (“AGM”) would be held in 2021 and that the next AGM would be held no later than 30 June 2022.

## 7. POLLING PROCESS

After having addressed all relevant questions on the Proposed Disposal, the Chairman shared again the Online Voting Guide to guide Shareholders on the online voting in respect of the Proposed Disposal.

For proper and orderly conduct of the poll, the Chairman allocated another 10 minutes for Shareholders to cast their votes after which, voting was closed for the Independent Scrutineers to verify the poll results.

## 8. DECLARATION OF POLL RESULTS

- 8.1 At 10.33 am, the Chairman invited Puan Martini Binti Mat Som, the representative of the Independent Scrutineers, to read the poll results.

The poll results in respect of the Ordinary Resolution were as follows:

Ordinary Resolution	Vote in favour		Vote Against	
	No. of Shares	%	No. of Shares	%
Proposed Disposal	351,377,531	99.9724	97,016	0.0276

- 8.2** Based on the results of the poll, the Chairman declared the following Ordinary Resolution duly carried:

Ordinary Resolution - Proposed Disposal

THAT approval be and is hereby given to Amsteel Mills Sdn Bhd (“Seller”), a 99% owned subsidiary of the Company, to dispose of its entire holding of (a) 218,010,000 ordinary shares; and (b) 30,000,000 redeemable preference shares in Antara Steel Mills Sdn Bhd (“Antara”), representing the entire 100% issued share capital of Antara to Esteel Enterprise Pte Ltd (“Buyer”) for an aggregate cash consideration of USD122.00 million (equivalent to RM509.96 million) and cash of USD4.78 million (equivalent to RM20.00 million) to be retained in Antara as working capital and further subject to adjustment in accordance with the conditional sale and purchase agreement dated 11 October 2021 (as supplemented by the supplemental letter agreement dated 28 October 2021) entered into among the Company, the Seller and the Buyer, totaling approximately USD160.67 million (equivalent to RM671.59 million) based on Antara’s proforma closing accounts as at 30 September 2021 (“Proposed Disposal”), and for the Company and/or its subsidiary to assume, by way of novation Antara’s liability of up to USD3.44 million (equivalent to approximately RM14.38 million) in relation to unperformed shipping voyages in the event such liability is not fully paid by Antara prior to the completion of the Proposed Disposal.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things and to execute all necessary documents, to give full effect to and complete the Proposed Disposal with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary by the Directors of the Company and to take all steps and actions as may be required by the relevant authorities or as the Directors may deem necessary or expedient to finalise, implement and give full effect to and complete the Proposed Disposal.