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LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

PART B

**STATEMENT IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Ordinary Resolutions in respect of the above proposals will be tabled as Special Business at the 91st Annual General Meeting of the Company to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 May 2022 at 10.00 am. Shareholders are advised to refer to the Notice of the 91st Annual General Meeting and the Form of Proxy set out in the 2021 Annual Report of the Company, which is available on the website of the Company at www.lion.com.my/licb-agm.

The last date and time for the lodging of the Form of Proxy is Tuesday, 24 May 2022 at 10.00 am.

This Circular is dated 27 April 2022

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PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016 as amended from time to time including any re-enactment thereof
AGM	:	Annual General Meeting of the Company
Board	:	Board of Directors of LICB
Bursa Securities	:	Bursa Malaysia Securities Berhad
LCB RCSLS	:	Redeemable convertible secured loan stocks of nominal value RM1.00 each issued by LCB convertible into new ordinary shares in LCB at the conversion price of RM5.00 for every 1 new ordinary share in LCB
LICB Share(s)	:	Ordinary shares in LICB
Listing Requirements	:	Bursa Securities Main Market Listing Requirements including any amendment thereto that may be made from time to time
Proposed Shareholders' Mandate	:	Proposed renewal of the 2021 Shareholders' Mandate
RRPTs	:	Related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries
Recurrent Transactions	:	Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the LICB Group as described herein in paragraph 3.3 which the LICB Group proposes to enter into with persons who are Related Parties
Related Party or Related Parties	:	The "director", "major shareholder" and/or "person connected" with such director or major shareholder of LICB or its subsidiaries
2021 Shareholders' Mandate	:	The shareholders' mandate obtained on 25 November 2020 for the LICB Group to enter into recurrent related party transactions from 25 November 2020 to 31 December 2021

Companies

ACB	:	ACB Resources Berhad
ACB Group	:	ACB and its subsidiaries and associated companies
Amanvest	:	Amanvest (M) Sdn Bhd
Amble Bond	:	Amble Bond Sdn Bhd
Amble Bond Group	:	Amble Bond and its subsidiaries and associated companies
AMB Venture	:	AMB Venture Sdn Bhd
AMSB	:	Amsteel Mills Sdn Bhd
Andalas	:	Andalas Development Sdn Bhd
Andar	:	Andar Investment Pte Ltd
Antara	:	Antara Steel Mills Sdn Bhd
CCI	:	Century Container Industries Sdn Bhd
Ceemax Electronics	:	Ceemax Electronics Sdn Bhd
Compact Energy	:	Compact Energy Sdn Bhd
Deluxe	:	Deluxe Venture International Limited
Dynamic Horizon	:	Dynamic Horizon Holdings Limited
Excel Step	:	Excel Step Investments Limited
Finlink	:	Finlink Holdings Sdn Bhd
Graimpi	:	Graimpi Sdn Bhd (In liquidation)
Haber	:	Haber Pte Ltd
Happyvest	:	Happyvest (M) Sdn Bhd
Horizon	:	Horizon Towers Sdn Bhd
LAP	:	Lion Asiapac Limited
LAP Group	:	LAP and its subsidiaries and associated companies, excluding public companies
LCB	:	Lion Corporation Berhad
LCB Group	:	LCB and its subsidiaries and associated companies, excluding public companies

Companies

LCE	:	Lion Construction & Engineering Sdn Bhd
LDHB	:	Lion Diversified Holdings Berhad (In Liquidation)
LDH Mgmt	:	LDH Management Sdn Bhd
LDP	:	Lion Development (Penang) Sdn Bhd
LDP Group	:	LDP and its subsidiaries and associated companies
LPB	:	Lion Posim Berhad
LHPL	:	Lion Holdings Private Limited
LHPL Group	:	LHPL and its subsidiaries and associated companies
LICB or the Company	:	Lion Industries Corporation Berhad
LICB Group	:	LICB and its subsidiaries excluding its public listed subsidiary, LPB, and its subsidiaries
Likom Computer	:	Likom Computer System Sdn Bhd
Limpahjaya	:	Limpahjaya Sdn Bhd
Lion DRI	:	Lion DRI Sdn Bhd
LMgmt	:	Lion Management Sdn Bhd
Lion Rubber Works	:	Lion Rubber Works Sdn Bhd
Lion Tin	:	Lion Tin Limited
Lion Tin Group	:	Lion Tin and its subsidiaries and associated companies
Lion Tooling	:	Lion Tooling Sdn Bhd
LTC	:	LTC Corporation Pte Ltd
LTC Group	:	LTC and its subsidiaries and associated companies
Mountbatten	:	Mountbatten Enterprises Pte Ltd
Narajaya	:	Narajaya Sdn Bhd

Companies

Omali	:	Omali Corporation Sdn Bhd
Parkson	:	Parkson Holdings Berhad
Parkson Group	:	Parkson and its subsidiaries and associated companies
PMB Jaya	:	PMB Jaya Sdn Bhd
Posim Marketing	:	Posim Marketing Sdn Bhd
Posim Petroleum	:	Posim Petroleum Marketing Sdn Bhd
Projek Jaya	:	Projek Jaya Sdn Bhd
Ributasi	:	Ributasi Holdings Sdn Bhd
Secom	:	Secom (Malaysia) Sdn Bhd
Sims	:	Sims Holdings Sdn Bhd
Singa Logistics	:	Singa Logistics Sdn Bhd
Teraju Varia	:	Teraju Varia Sdn Bhd
Tirta	:	Tirta Enterprise Sdn Bhd
Trillionvest	:	Trillionvest Sdn Bhd
Utara	:	Utara Enterprise Sdn Bhd
Viewtrain	:	Viewtrain Company Limited
WCSB	:	William Cheng Sdn Bhd

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LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

Registered Office:

Level 14, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur
Wilayah Persekutuan

27 April 2022

Directors:

Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin

(Independent Non-Executive Chairman)

Tan Sri Cheng Yong Kim *(Managing Director)*

Dato' Nik Rahmat bin Nik Taib *(Independent Non-Executive Director)*

Yap Soo Har *(Independent Non-Executive Director)*

Cheng Hui Ya, Serena *(Non-Independent Non-Executive Director)*

To: The Shareholders of Lion Industries Corporation Berhad

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 25 November 2020, the Company obtained the 2021 Shareholders' Mandate for recurrent related party transactions at the 90th AGM in accordance with paragraph 10.09 of Chapter 10 of the Listing Requirements.

Pursuant to the Listing Requirements, the 2021 Shareholders' Mandate expired on 31 December 2021 being the expiration of the period within which the next AGM was required to be held pursuant to the Act.

On 24 February 2022, the Board announced that the Company proposes to procure a renewal of the 2021 Shareholders' Mandate from its Shareholders for the Recurrent Transactions at the 91st AGM.

The purpose of Part A of this Circular is to provide the Shareholders with information relating to the Proposed Shareholders' Mandate and to seek the Shareholders' approval on the Ordinary Resolution in respect of the same to be tabled as Special Business at the 91st AGM to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 May 2022 at 10.00 am and at any adjournment thereof.

Disclosure has been made in the 2021 Annual Report of the Company on the breakdown of the aggregate value of transactions conducted pursuant to the 2021 Shareholders' Mandate during the 18-month financial period ended 31 December 2021, which amongst others, is based on the following information:

- (a) the nature of the RRPTs entered into; and
- (b) the class of related parties involved in the RRPTs and their relationship with the Company.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Paragraph 10.09 of Chapter 10 of the Listing Requirements and Paragraph 3.1.4 of Practice Note 12 in relation to the RRPTs

Under paragraph 10.09(2) of Chapter 10 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPTs subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial period where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of an RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Transactions entered into between the listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiaries are excluded from the requirements of Chapter 10 of the Listing Requirements.

Paragraph 3.1.4 of Practice Note 12 states that the shareholder mandate is subject to annual renewal and any authority conferred by a shareholder mandate will only continue to be in force until:

- (a) the conclusion of the first annual general meeting of the listed issuer following the general meeting at which such shareholder mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Paragraph 3.1.5 of Practice Note 12 further states that in making the disclosure of the aggregate value of RRPTs conducted pursuant to the shareholder mandate in a listed issuer's annual report, a listed issuer must provide a breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:

- (a) the type of the RRPTs made; and
- (b) the names of the related parties involved in each type of the RRPTs made and their relationship with the listed issuer.

Accordingly, the Company proposes to seek a renewal of the 2021 Shareholders' Mandate from its Shareholders for the Recurrent Transactions for the LICB Group to enter into transactions with the Related Parties which are of a revenue or trading nature and necessary for its day-to-day operations, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Proposed Shareholders' Mandate, if approved, will take effect from the date of the passing of the Ordinary Resolution relating thereto at the 91st AGM and will continue to be in force until the conclusion of the next AGM or until the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act) unless revoked or varied by resolution passed by the Shareholders of the Company in a general meeting, whichever is the earlier.

2.2 Definitions

The definitions for “director”, “major shareholder”, “person connected”, “related party” and “related party transaction” under the Listing Requirements are as follows:

- director
 - has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company.
- major shareholder
 - means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
 - (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, “interest” shall have the meaning of “interests in shares” given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other corporation which is its subsidiary or holding company.

- person connected
 - in relation to a director or a major shareholder of a corporation (“Said Person”) means such person who falls under any one of the following categories:
 - (a) a family member of the Said Person, which family means such person who falls within any one of the following categories:
 - (i) spouse;
 - (ii) parent;
 - (iii) child including adopted child and step-child;
 - (iv) brother or sister; and
 - (v) spouse of the person referred to in (iii) and (iv) above;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Said Person, or a family member of the Said Person, is the sole beneficiary;
 - (c) a partner of the Said Person;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Said Person;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Said Person is accustomed or is under an obligation, whether formal or informal, to act;

(f) a body corporate in which the Said Person, or persons connected with the Said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or

(g) a body corporate which is a related corporation of the Said Person.

- related party
 - means a director, major shareholder or person connected with such director or major shareholder.
- related party transaction
 - means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party.

3. DETAILS OF THE RECURRENT TRANSACTIONS

3.1 Background

LICB is principally involved in investment holding and property development. The LICB Group is engaged in a range of activities, principally those relating to the following sectors:

(a) Steel - manufacture and marketing of steel bars, wire rods and other steel related products; and

(b) Property - property development and management.

Due to the diversity and size of the LICB Group, it is anticipated that the LICB Group would, in the ordinary course of business, enter into transactions with classes of related parties set out in paragraph 3.2. It is likely that such transactions will occur with some degree of frequency and could arise at any time. Such transactions include the transactions described in paragraph 3.3.

The Company is seeking a renewal of the 2021 Shareholders' Mandate from its Shareholders which will continue to allow the LICB Group, in its normal course of business, to enter into categories of Recurrent Transactions referred to in paragraph 3.3 with the classes of Related Parties set out in paragraph 3.2 provided such transactions are undertaken on an arm's length basis and on normal commercial terms which are consistent with the LICB Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. The public listed subsidiary of LICB, namely LPB, will be seeking a separate mandate from its shareholders for LPB and its subsidiaries to enter into RRPTs.

The details of the Recurrent Transactions to be dealt with at the 91st AGM are set out in paragraph 3.3.

3.2 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of related parties:

Related Party	Note
Parkson Group	ii
ACB Group	ii
Amble Bond Group	ii
LAP Group	ii
LCB Group	ii
LDP Group	ii
Lion Tin Group	ii
LTC Group	i
LHPL Group	i

The abovementioned corporations are Related Parties as they are persons connected (as indicated by the respective Note) with:

Notes:

- (i) Tan Sri Cheng Yong Kim (the Managing Director and a major shareholder of LICB) who has an interest of 10% or more held directly and/or deemed held via corporations in which he has more than 20% shareholding as set out in Annexure A of this Circular.
- (ii) Tan Sri Cheng Heng Jem (a major shareholder of LICB) who has an interest of 10% or more held directly and/or deemed held via corporations in which he has more than 20% shareholding as set out in Annexure A of this Circular.

The interests of the Related Parties in the Company as at 31 March 2022 are set out in Annexure B of this Circular. Save as disclosed therein, none of the Related Parties has any other interest in the Company.

The interests of the Directors of LICB who do not consider themselves independent with regard to the Proposed Shareholders' Mandate ("Interested Directors") and the major shareholders of LICB who are deemed interested in the Proposed Shareholders' Mandate ("Interested Major Shareholders") in the Company as at 31 March 2022 are as follows:

Name	Direct Interest		Deemed Interest	
	No. of LICB Shares	% [^]	No. of LICB Shares	% [^]
Interested Directors				
Tan Sri Cheng Yong Kim ⁽¹⁾	11,428,289	1.68	74,745,649 ^(a)	10.98
Cheng Hui Ya, Serena ⁽²⁾	-	-	-	-
Interested Major Shareholders				
Tan Sri Cheng Heng Jem ⁽³⁾	222,785,449	32.72	12,709,351 ^(b)	1.87

Notes:

[^] Based on the total number of issued shares of the Company, excluding 37,105,300 LICB Shares bought back by the Company and retained as treasury shares as at 31 March 2022.

(1) Also a major shareholder of LICB, nephew of Tan Sri Cheng Heng Jem and cousin of Cheng Hui Ya, Serena.

(2) Daughter of Tan Sri Cheng Heng Jem and cousin of Tan Sri Cheng Yong Kim.

(3) Uncle of Tan Sri Cheng Yong Kim and father of Cheng Hui Ya, Serena.

(a) Deemed interested by virtue of Section 8 of the Act held via Dynamic Horizon and Section 59(11)(c) of the Act held by his spouse, Puan Sri Ng Seok Kuan.

(b) Deemed interested by virtue of Section 8 of the Act held via Amanvest, Tirta, Trillionvest, LCE and LDH Mgmt.

The interests of the Interested Directors and the Interested Major Shareholders in the Related Parties as at 31 March 2022 are set out in Annexure A of this Circular. Save as disclosed therein, none of the Interested Directors and the Interested Major Shareholders has any other interest in the Related Parties.

The interests of the persons connected with the Interested Directors and/or the Interested Major Shareholders (“Persons Connected”) in LICB as at 31 March 2022 are as follows:

Persons Connected	Direct Interest		Deemed Interest	
	No. of LICB Shares	% [^]	No. of LICB Shares	% [^]
Puan Sri Ng Seok Kuan ⁽¹⁾	273,022	0.04	-	-
Puan Sri Chan Chau Ha @ Chan Chow Har ⁽²⁾	43,018	0.01	-	-
Cheng Theng Kee ⁽³⁾	231,000	0.03	-	-
Cheng Yong Liang ⁽⁴⁾	47,880	0.01	-	-
Cheng Wei Meng ⁽⁵⁾	750	*	-	-
Cheng Huay Joo ⁽⁵⁾	5,000	*	-	-
Cheng Chai Hai ⁽⁶⁾	30,642	*	-	-
Joseph Thiang Thin Poh ⁽⁷⁾	2,292	*	-	-
Trillionvest ⁽⁸⁾	220,182	0.03	-	-
LDP ⁽⁸⁾	-	-	1,752,469 ^(a)	0.26
Amanvest ⁽⁸⁾	1,692,226	0.25	-	-
Tirta ⁽⁸⁾	60,243	0.01	-	-
LCE ⁽⁸⁾	801,500	0.12	-	-
LDH Mgmt ⁽⁸⁾	9,935,200	1.46	-	-
Dynamic Horizon ⁽⁹⁾	74,472,627	10.94	-	-

Notes:

[^] Based on the total number of issued shares of the Company, excluding 37,105,300 LICB Shares bought back by the Company and retained as treasury shares as at 31 March 2022.

* Negligible

(a) Deemed interested by virtue of Section 8 of the Act held via Amanvest and Tirta.

The Persons Connected having interests in the Company do not consider themselves independent in respect of the Proposed Shareholders’ Mandate by virtue of the following:

- (1) Spouse of Tan Sri Cheng Yong Kim.
- (2) Spouse of Tan Sri Cheng Heng Jem and mother of Cheng Hui Ya, Serena.
- (3) Father of Tan Sri Cheng Yong Kim and brother of Tan Sri Cheng Heng Jem.
- (4) Brother of Tan Sri Cheng Yong Kim.
- (5) Sister of Tan Sri Cheng Yong Kim.
- (6) Sister of Tan Sri Cheng Heng Jem.
- (7) Brother-in-law of Tan Sri Cheng Yong Kim.
- (8) Company in which Tan Sri Cheng Heng Jem has a direct and/or deemed interest of more than 20% as at 31 March 2022.
- (9) Company in which Tan Sri Cheng Yong Kim has a direct and/or deemed interest of more than 20% as at 31 March 2022.

Save as disclosed above, none of the other Directors, major shareholders and/or persons connected with them has any interest, direct or deemed, in the Proposed Shareholders' Mandate.

3.3 Nature of Recurrent Transactions

The Recurrent Transactions which will be covered by the Proposed Shareholders' Mandate and the benefits to be derived from them are transactions by the LICB Group relating to the provision of, or obtaining from, the Related Parties, products and services in the normal course of business of the LICB Group comprising the following transactions:

Nature of Transactions	Related Parties	Estimated Value ⁽¹⁾ (RM'000)	2021 Shareholders' Mandate	
			Estimated Value ⁽²⁾ (RM'000)	Actual Value ⁽³⁾ (RM'000)
(a) Steel Related				
(i) Sale of scrap iron, steel bars, wire rods, hot briquetted iron, billets and other related products and services	LCB Group LTC Group LHPL Group ACB Group LAP Group	300,000	500,000	3,424
(ii) Purchase of scrap iron and other related products and services	LCB Group LAP Group LHPL Group LTC Group LDP Group Lion Tin Group	500,000	500,000	22,241
(iii) Purchase of tools, dies and spare parts	ACB Group	8,000	8,000	1,758
(iv) Provision of storage, leasing and rental ⁽⁴⁾ of properties, management and support and other related services ^{(5)&(6)}	LCB Group LAP Group Lion Tin Group	6,800	6,800	368

Nature of Transactions	Related Parties	2021 Shareholders' Mandate		
		Estimated Value ⁽¹⁾	Estimated Value ⁽²⁾	Actual Value ⁽³⁾
		(RM'000)	(RM'000)	(RM'000)
(b) Property-based Provision and obtaining of storage, leasing, rental ⁽⁴⁾ of properties and related services ⁽⁷⁾ and building maintenance	Amble Bond Group LDP Group Parkson Group ACB Group LCB Group	15,000	15,000	4,428
(c) Others Provision of storage, leasing and rental ⁽⁴⁾ of properties, management and support and other related services	ACB Group Parkson Group Amble Bond Group LCB Group	40,000	40,000	2,357

None of the actual value transacted pursuant to the 2021 Shareholders' Mandate exceeded the estimated value disclosed to the Shareholders in the Circular in relation to the 2021 Shareholders' Mandate.

Notes:

- (1) The estimated value from the date of the 91st AGM to the next AGM to be held by end June 2023 is based on the aggregate amount over a 12-month period ended 31 December 2021 after taking into consideration the transactions which will be entered into in the foreseeable future. The estimated value may be subject to changes.
- (2) The estimated value as set out in the 2021 Shareholders' Mandate.
- (3) The actual value transacted from the date on which the 2021 Shareholders' Mandate was obtained up to 31 December 2021.
- (4) All rentals are payable on monthly basis.

The details of the properties are as follows:

<u>Address</u>	<u>Area</u>	<u>Tenure and Terms of Lease*</u>	<u>Rental Amount/ Existing Use</u>
(5) Part of H.S.(D) 13425, P.T. No. 17216, Mukim of Tanjung Dua Belas, District of Kuala Langat, Selangor Darul Ehsan	41,950 square meters	3 years	RM59,242 per month (Office)

	<u>Address</u>	<u>Area</u>	<u>Tenure and Terms of Lease*</u>	<u>Rental Amount/ Existing Use</u>
(6)	Part of H.S.(D) 13424, P.T. No. 17215, Mukim of Tanjung Dua Belas, District of Kuala Langat, Selangor Darul Ehsan	9,186 square meters	3 years	RM7,910 per month (Land)
(7)	No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan	5,711 square meters	3 years	RM245,330 per month (Office)

Note:

* with an option to renew upon expiry

The Recurrent Transactions are subject to the review procedures as set out in paragraph 3.5.

3.4 Outstanding Related Party Receivables

The breakdown of the principal sum and interest for the total outstanding amount due and owing under the Recurrent Transactions which exceeded the credit term as at 31 December 2021 are as follows:

	Receivables from Related Parties		
	Principal RM'000	Interest RM'000	Total RM'000
A period of 1 year or less	4,248	-	4,248
A period of more than 1 to 3 years	5,311	-	5,311
A period of more than 3 to 5 years	939	-	939
A period of more than 5 years	59,944	332	60,276
Total:	<u>70,442</u>	<u>332</u>	<u>70,774</u>

Notes:

- (1) Individual outstanding balance for amount less than RM250,000 is excluded.
- (2) Excluded outstanding amount due and owing to the public listed subsidiary of the Company, namely, LPB and its subsidiaries.

The outstanding receivables under the Recurrent Transactions as at 31 December 2021 which exceeded credit terms as set out in the table above are mainly owed by Lion DRI, a wholly-owned subsidiary of LDHB, which amounted to RM58.6 million after deducting RM35.3 million recovered during the financial period.

The Management had in the financial year ended 30 June 2016 fully impaired the outstanding receivables owed by Lion DRI due to the prolonged period in recovering the outstanding receivables. Any subsequent collection of the outstanding receivables would result in the reversal of the impairment of the amount collected.

None of the Recurrent Transactions contemplated under the Proposed Shareholders' Mandate would be taken with Lion DRI.

The Management has been meeting on a quarterly basis with Lion DRI to actively pursue the settlement of the outstanding amounts. The Management last engaged with Lion DRI in February 2022.

LDHB, the holding company of Lion DRI, had been ordered by the Kuala Lumpur High Court (“Court”) on 15 October 2019 that it be wound up under the provisions of the Act. The liquidator appointed by the Court is managing the investments of LDHB in all its subsidiaries, including Lion DRI, which involve winding-up or divesting the subsidiaries where applicable.

3.5 Review Procedures for RRPTs

The LICB Group has established the following methods and procedures to ensure that all RRPTs are undertaken on an arm’s length basis and on normal commercial terms, which are consistent with the LICB Group’s usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders:

- (a) A list of related parties will be circulated within the LICB Group and it will be updated for any subsequent changes. The related parties will also be notified that all RRPTs are required to be undertaken on an arm’s length basis and on normal commercial terms, and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.
- (b) RRPTs will be reviewed and authorised by the following parties:

Nature of Recurrent Transactions	Equal to or exceeding (per purchase contract or purchase order) RM	Less than (per purchase contract or purchase order) RM	Authority Levels
Steel related		<10,000,000	Accountant/Chief Accountant/Financial Controller and General Manager
	≥10,000,000	<50,000,000	General Manager and Managing Director/ Executive Director/ Director
	≥50,000,000		Audit Committee

Nature of Recurrent Transactions	Equal to or exceeding (per purchase contract or purchase order) RM	Less than (per purchase contract or purchase order) RM	Authority Levels
Others		<1,000,000	Accountant/Chief Accountant/ Financial Controller and General Manager
	≥1,000,000	<5,000,000	General Manager and Managing Director/ Executive Director/ Director
	≥5,000,000		Audit Committee

If a member of the Audit Committee has an interest, as the case may be, he will abstain from any decision making by the Audit Committee in respect of the said transaction.

- (c) Records will be maintained by the LICB Group to capture all RRPTs which are entered into pursuant to the Proposed Shareholders' Mandate.
- (d) The annual internal audit plan shall incorporate a review of all RRPTs which will be entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (e) The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor all RRPTs have been complied with.
- (f) The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures with authority to sub-delegate to individuals or committees within the LICB Group as they deem appropriate. Such review methods and procedures may be modified, supplemented or replaced from time to time by the Audit Committee.
- (g) The transaction prices, terms and conditions are determined as follows:
 - (i) by the prevailing market forces, under similar commercial terms for transactions with third parties which depend on the demand and supply of the products/services in the market.
 - (ii) on an arm's length basis and on normal commercial terms which are consistent with the LICB Group's usual business practices and policies. Price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

- (iii) on competitive commercial terms. The LICB Group shall identify various sources of supply to secure at least 3 quotations which shall be documented in the “Price Comparison Summary cum Approval Form”. In the event less than 3 quotations are available from unrelated third parties for comparison due to limited sources of supply or potential suppliers’ unwillingness to quote, reference shall be made to published market reports, if available, pertaining to transactions of similar products concluded in other markets. In such event, the Company will ensure that the RRPT is not detrimental to the LICB Group.
- (iv) by evaluating and shortlisting vendors prior to price negotiations by the Purchasing Department, based on the following criteria:
 - a. price competitiveness
 - b. quality
 - c. experience
 - d. delivery/service
 - e. credit term
 - f. technical capability
 - g. financial strength

After price negotiation, the Purchasing Department shall recommend the selection of potential/successful supplier for approval by appropriate authority.

- (v) where appropriate, by conducting a valuation or appraisal of the market value of a transaction by an independent expert and by obtaining additional quotations from third parties for the purpose of performing an independent and balanced assessment, evaluation and comparison of the price, terms and conditions prior to making a decision to enter into the transaction.
- (vi) when quality, payment and other terms and conditions are equal, by the awarding of an order/contract to the supplier with the lowest negotiated price.
- (vii) by evaluating the vendors’ performance via feedback from user departments with regard to delivery performance, quality of material and after sales service.

3.6 Rationale for the Proposed Shareholders’ Mandate and Benefits to the LICB Group and its Shareholders

The steel and property related businesses are the principal businesses of the LICB Group. The classes of Related Parties listed in paragraph 3.2 are also involved in similar or complementary businesses of the LICB Group. It is therefore in the interests of the LICB Group to transact with the Related Parties (in addition to their transactions with third parties in the ordinary course of business) so that the LICB Group can enjoy synergistic benefits. In addition, the LICB Group is also able to provide and obtain management and support services to/from the Related Parties at competitive prices. Given the complementary nature of the activities of the members of the LICB Group and that of the Related Parties, as well as the fact that such activities are in the ordinary course of business of both the LICB Group and the Related Parties, it is anticipated that the Recurrent Transactions would occur on a frequent and recurrent basis.

The Proposed Shareholders' Mandate is intended to facilitate transactions in the ordinary course of business of the LICB Group which are transacted from time to time with the specified classes of Related Parties, provided that they are undertaken on an arm's length basis and on normal commercial terms which are consistent with the LICB Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to and/or from the public and are, in the Company's opinion, not detrimental to the minority shareholders.

The Proposed Shareholders' Mandate, if approved by the Shareholders, would eliminate the need to make announcements to Bursa Securities or to convene general meetings from time to time to seek Shareholders' approval as and when potential Recurrent Transactions with the specified classes of Related Parties arise. This will substantially reduce the expenses associated with convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably and allow resources to be channelled towards attaining other corporate objectives.

3.7 Audit Committee Statement

The Audit Committee of the Company has seen and reviewed the procedures mentioned in paragraph 3.5 and is of the view that:

- (i) the said procedures are sufficient to ensure that the Recurrent Transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) the LICB Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises; and
- (iii) the Proposed Shareholders' Mandate is in the best interest of the LICB Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders.

4. CONDITION OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is subject to the approval of the Shareholders of the Company at the 91st AGM.

5. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on the issued share capital, earnings and net assets of the LICB Group, and substantial shareholders' shareholding in the Company.

6. ABSTENTION FROM VOTING

The Interested Directors (as set out in paragraph 3.2) who are interested in the Recurrent Transactions with the respective Related Parties to the extent as set out in paragraph 3.2 have abstained and will continue to abstain from board deliberation and voting on the resolution pertaining to the Proposed Shareholders' Mandate. The Interested Directors, the Interested Major Shareholders (as set out in paragraph 3.2) and/or the Persons Connected (as set out in paragraph 3.2) who have interests, direct or deemed, in the Recurrent Transactions will abstain from voting in respect of their direct and/or deemed shareholdings on the resolution relating to the Proposed Shareholders' Mandate at the 91st AGM. The Interested Directors and the Interested Major Shareholders will undertake to ensure that the Persons Connected will abstain from voting in respect of their direct and/or deemed shareholdings on the resolution deliberating or approving the Proposed Shareholders' Mandate at the 91st AGM.

7. DIRECTORS' RECOMMENDATION

The Board (with the exception of the Interested Directors) is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the LICB Group. For the reasons stated in paragraph 3.6, the Board (with the exception of the Interested Directors) recommends that Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed Shareholders' Mandate to be tabled at the 91st AGM.

8. AGM

The 91st AGM, as convened by the Notice incorporated in the 2021 Annual Report, will be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 May 2022 at 10.00 am.

The 2021 Annual Report is available on the website of the Company at www.lion.com.my/licb-agm.

9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

Yours faithfully
For and on behalf of the Board
LION INDUSTRIES CORPORATION BERHAD

YAP SOO HAR
Independent Director

1. INTERESTS OF THE INTERESTED DIRECTORS AND THE INTERESTED MAJOR SHAREHOLDERS IN THE RELATED PARTIES SET OUT IN PARAGRAPH 3.2 AS AT 31 MARCH 2022

(i) Tan Sri Cheng Yong Kim

(a) Parkson Group

Direct interest : 0.79%
Deemed interest : By virtue of Section 8 of the Act (0.61%) held via LHPL.

(b) LAP Group

Direct interest : Nil
Deemed interest : 2.18% held via Andar.

(c) LCB Group

Direct interest : 0.15%
Deemed interest : By virtue of Section 8 of the Act (4.19%) held via LHPL and Dynamic Horizon.

(d) LHPL Group

Direct interest : 27.10%
Deemed interest : Nil

(e) LTC Group

Direct interest : Nil
Deemed interest : 100% held via Mountbatten.

(ii) Tan Sri Cheng Heng Jem

(a) Parkson Group

Direct interest : 24.97%
Deemed interest : By virtue of Section 8 of the Act (29.56%) held via Likom Computer, LCB, LICB, AMSB, Deluxe, Excel Step, Trillionvest and LPB.

(b) ACB Group

Direct interest : Nil
Deemed interest : By virtue of Section 8 of the Act (47.66%) held via LCB, Limpahjaya, CCI, Lion Rubber Works and PMB Jaya.

(c) Amble Bond Group

Direct interest : 85.00%
Deemed interest : By virtue of his spouse, Puan Sri Chan Chau Ha @ Chan Chow Har's 14.00% direct interest in Amble Bond.

(d) LAP Group

Direct interest : Nil
Deemed interest : 66.66% held via Omali and AMB Venture.

(e) LCB Group

Direct interest : 3.96%
Deemed interest : By virtue of Section 8 of the Act (65.47%) held via WCSB, Finlink, Tirta, Happyvest, Amanvest, Viewtrain, Horizon, LMgmt, LDP, Trillionvest, Ceemax Electronics, Sims, Narajaya, Haber, LICB, AMSB, Projek Jaya, Posim Marketing, Posim Petroleum, Singa Logistics, LDHB, LDH Mgmt, Teraju Varia, Lion DRI, Graimpi, Andalas, Lion Tooling, Secom, Compact Energy, Ributasi and Likom Computer. In addition, RM316,075,950 LCB RCSLS.

(f) LDP Group

Direct interest : 98.40%
Deemed interest : By virtue of Section 8 of the Act (1.00%) held via Utara.

(g) Lion Tin Group

Direct interest : 100%
Deemed interest : Nil

2. INTERESTS OF THE RELATED PARTIES SET OUT IN PARAGRAPH 3.2 IN THE COMPANY AS AT 31 MARCH 2022

	Related Parties	Direct Interest		Deemed Interest	
		No. of LICB Shares	% [^]	No. of LICB Shares	% [^]
1	LCB	-	-	801,500 ^(a)	0.12
	Through its subsidiary: LCE	801,500	0.12	-	-
2	LDP	-	-	1,752,469 ^(b)	0.26
	Through its subsidiaries: Amanvest	1,692,226	0.25	-	-
	Tirta	60,243	0.01	-	-

Notes:

[^] Based on the total number of issued shares of the Company, excluding 37,105,300 LICB Shares bought back by the Company and retained as treasury shares as at 31 March 2022.

(a) Deemed interested by virtue of Section 8 of the Act held via LCE.

(b) Deemed interested by virtue of Section 8 of the Act held via Amanvest and Tirta.

PART B

**STATEMENT IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:

Act	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting of the Company
Board	:	Board of Directors of LICB
Bursa Securities	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-Overs and Mergers 2016 as amended from time to time and any re-enactment thereof
EPS	:	Earnings per share
LICB Share(s)	:	Ordinary shares in LICB
LICB or the Company	:	Lion Industries Corporation Berhad
LICB Group or Group	:	LICB and its subsidiaries
Listing Requirements	:	Bursa Securities Main Market Listing Requirements
Market Day	:	A day on which the stock market of Bursa Securities is open for trading of securities
NA	:	Net assets
Proposed Renewal of Share Buy-Back Authority	:	The proposed renewal of the authority to enable LICB to purchase its own shares of an amount up to 10% of the total number of issued shares of LICB
Purchased Shares	:	LICB Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
RM	:	Ringgit Malaysia
SC	:	Securities Commission
WAMP	:	Weighted average market price

Companies

Amanvest	:	Amanvest (M) Sdn Bhd
Dynamic Horizon	:	Dynamic Horizon Holdings Limited
LCE	:	Lion Construction & Engineering Sdn Bhd
LDH Mgmt	:	LDH Management Sdn Bhd
Tirta	:	Tirta Enterprise Sdn Bhd
Trillionvest	:	Trillionvest Sdn Bhd

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LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

On 25 November 2020, the Company had obtained its Shareholders' approval at the 90th Annual General Meeting ("AGM") for a share buy-back of up to 10% of its total number of issued shares. The authority from the Shareholders shall lapse at the conclusion of the forthcoming 91st AGM to be held on 26 May 2022 ("91st AGM") unless it is renewed at the said AGM.

On 24 February 2022, the Board announced that the Company proposes to seek the Shareholders' approval at the forthcoming 91st AGM of the Company for a renewal of authority for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company.

The purpose of this Statement is to provide the Shareholders with information relating to the Proposed Renewal of Share Buy-Back Authority and to seek the Shareholders' approval on the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled as special business at the forthcoming 91st AGM to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 May 2022 at 10.00 am and at any adjournment thereof.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 The Company proposes to seek the approval from its Shareholders to renew the authority for the Proposed Renewal of Share Buy-Back Authority, subject to Section 127 of the Act, Chapter 12 of the Bursa Securities' Listing Requirements and any prevailing laws at the time of purchase. As at 31 March 2022, the issued share capital of LICB is RM1,250,536,000 comprising 717,909,365 LICB Shares including 37,105,300 treasury shares.

Based on the total number of issued shares of LICB as at 31 March 2022, the maximum number of shares which may be purchased by the Company shall not exceed 71,790,936 LICB Shares (including 37,105,300 treasury shares) or 10% of its total number of issued shares.

The Proposed Renewal of Share Buy-Back Authority from the Shareholders shall commence immediately upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Authority at the 91st AGM and will only continue to be in force until:

- (a) the conclusion of the next AGM, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the Shareholders of the Company in general meeting,

whichever occurs first.

2.2 Pursuant to Section 127 of the Act, the Directors of the Company may deal with the Purchased Shares in either of the following manner:

- (i) cancel the Purchased Shares; or
- (ii) retain the Purchased Shares as treasury shares held by the Company which may be (a) distributed as share dividends to the Shareholders of LICB; (b) resold on the market through Bursa Securities in accordance with the relevant rules of Bursa Securities; (c) transferred for the purposes of an employee's share scheme or as purchase consideration; or (d) cancelled; or
- (iii) combination of items (i) and (ii) above.

Upon each purchase of LICB Shares, an immediate announcement will be made to Bursa Securities in respect of the intention of the Directors whether to cancel the LICB Shares so purchased, retain them as treasury shares or a combination of both.

The Board will ensure that the Proposed Renewal of Share Buy-Back Authority and/or the resale of treasury shares will be conducted in accordance with guidelines and rules/laws prevailing at the time of the purchase and/or resale and will not engage in speculative trading activities.

Pursuant to the Act, if the Purchased Shares are held as treasury shares, the rights attached to these shares as to voting, dividends and participation in other distribution and otherwise will be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of this provision, the provisions of any laws or requirements of the Constitution of the Company or the Listing Requirements on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.3 Pursuant to Paragraph 12.17 of the Listing Requirements, LICB may only purchase the LICB shares on Bursa Securities at a price which is not more than 15% above the WAMP for the LICB Shares for 5 Market Days immediately before the date of any purchase.

Pursuant to Paragraph 12.18 of the Listing Requirements, LICB may only resell treasury shares on Bursa Securities or transfer treasury shares pursuant to Section 127(7) of the Act:

- (a) at a price which is not less than the WAMP for the LICB Shares for the 5 Market Days immediately before the resale or transfer; or
- (b) at a discounted price which is not more than 5% to the WAMP for the LICB Shares for the 5 Market Days immediately before the resale or transfer provided that:
 - (i) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the LICB Shares being resold or transferred.

2.4 The Proposed Renewal of Share Buy-Back Authority will allow the Board to exercise the power of the Company to purchase its own shares at any time within the time period mentioned in paragraph 2.1.

2.5 As at 31 March 2022, the public shareholding spread of the Company was 52.07%. The Board is mindful of the requirement that any purchase of LICB Shares by the Company must not result in the public shareholding spread of LICB falling below 25% of its issued share capital (excluding treasury shares).

2.6 An immediate announcement will be made to Bursa Securities in respect of any purchase of the Company's own shares, any cancellation of Purchased Shares or Purchased Shares retained as treasury shares and of any resale of the treasury shares.

3. SOURCES OF FUNDS

3.1 Pursuant to the Listing Requirements, there are no restrictions on the types of funds which can be utilised so long as the share buy-back is backed by an equivalent amount of the listed issuer's retained profits. The maximum amount of funds to be allocated for the LICB Shares to be purchased under the Proposed Renewal of Share Buy-Back Authority will be subject to the amount of LICB's retained earnings. As at 31 December 2021, the Company's unaudited retained profits was RM19.1 million. The LICB Group's net current assets position and shareholders' funds based on the unaudited financial statements as at 31 December 2021 were RM710.1 million and RM1,813.6 million respectively.

3.2 The actual number of LICB Shares to be purchased, the total amount of funds involved for each purchase and timing of the purchase(s) will depend on, *inter alia*, the market condition and sentiment of the stock market as well as the availability of the financial resources of the LICB Group at the time of the purchase(s). The funding for the share buy-back will be from internally generated funds and/or borrowings, the proportion of which will depend on the quantum of shares purchased, the purchase consideration as well as the availability of the internally generated funds and borrowings and the repayment capabilities of the Company at the time of purchase(s).

- 3.3 In the event bank borrowings are taken to fund the purchase of shares pursuant to the Proposed Renewal of Share Buy-Back Authority, the Company shall ensure that it will have sufficient funds to repay the said borrowings as and when they are due and that the bank borrowings will not have any material impact on the cash flow of the Company.

4. RATIONALE/POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

- 4.1 The rationale/potential advantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its Shareholders are as follows:

- (i) allows the Company to take preventive measures against speculation particularly when its shares are undervalued which would in turn, stabilise the market price of LICB Shares and hence, enhance investors' confidence;
- (ii) enables the LICB Group to utilise any of its surplus financial resources which is not immediately required for other uses, to purchase its own shares from the market;
- (iii) enhances the EPS of LICB Shares and the return of equity ("ROE") of the Company (all other things being equal) as a result of a lower number of LICB Shares being taken into account for the purpose of computing the EPS and ROE if the Purchased Shares are held as treasury shares or cancelled, which in turn may have a positive impact on the market price of LICB Shares;
- (iv) allows the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity; and
- (v) if the Purchased Shares are retained as treasury shares, it will provide the Directors of the Company with the option to sell the Purchased Shares at a higher price and generate capital gain for the Company. Alternatively, if the treasury shares are distributed as share dividends by the Company, it would serve to reward the Shareholders of the Company.

- 4.2 The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority, if implemented, to the Company and its Shareholders are as follows:

- (i) the Proposed Renewal of Share Buy-Back Authority will reduce the financial resources of the LICB Group and may result in the LICB Group foregoing better investment opportunities that may emerge in the future and/or any income that may be derived from alternative uses of such funds;
- (ii) as the Proposed Renewal of Share Buy-Back Authority can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to Shareholders in the immediate future. However, the financial resources of the LICB Group may increase in the event the resale of the Purchased Shares held as treasury shares at prices higher than the purchase price; and
- (iii) the Proposed Renewal of Share Buy-Back Authority will reduce the Company's cashflow, which may otherwise be used as working capital to generate future profits.

The Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantage to the Company and its Shareholders, and it will be exercised only after due consideration of the financial resources of the LICB Group, and of the resultant impact on the Shareholders of the Company. Any decision to buy-back LICB Shares will take into account the interests of the Company and its Shareholders.

5. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

5.1 Share Capital

The effect of the Proposed Renewal of Share Buy-Back Authority on the number of issued LICB Shares will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

The effect of the Proposed Renewal of Share Buy-Back Authority on the number of issued LICB Shares assuming that the maximum number of the LICB Shares (of up to 10% of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, is as set out below:

	No. of LICB Shares
Existing as at 31 March 2022	717,909,365
Shares bought back and retained as treasury shares	(37,105,300)
Maximum number of shares that could be acquired	(34,685,636)
Assuming all LICB Shares purchased are cancelled	(71,790,936)
Total number of issued LICB Shares after the cancellation	<u>646,118,429</u>

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the number of issued LICB Shares assuming all Purchased Shares are to be retained as treasury shares, resold or distributed as share dividends to Shareholders.

5.2 NA and Working Capital

The effect of the Proposed Renewal of Share Buy-Back Authority on the NA of the LICB Group will depend on the purchase prices of the LICB Shares, the effective funding cost to the LICB Group to finance the share buy-back, if any, or any loss in interest income to the LICB Group, and whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to Shareholders.

If all Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will reduce the NA per LICB Share of the LICB Group when the purchase price per Purchased Share exceeds the NA per Share at the relevant point in time, and vice versa.

The NA of the LICB Group will decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA of the LICB Group by the cost of the treasury shares.

If the treasury shares are resold on Bursa Securities, the NA of the LICB Group will increase if the Company realises a gain from resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of the LICB Group will decrease by the cost of the treasury shares.

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the LICB Group, the quantum of which will depend on the purchase prices and the quantity of the Purchased Shares.

However, the financial resources of the LICB Group may be restored if there is resale of the Purchased Shares that are held as treasury shares.

5.3 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of the LICB Group will depend on the purchase prices of the LICB Shares and the effective funding cost, if any, or any loss in interest income to the Group.

Assuming that the Purchased Shares are retained as treasury shares and resold, the effects on the earnings of the LICB Group will depend on the actual selling price, the number of treasury shares resold, and the effective gain or interest savings arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will increase the EPS of the LICB Group provided that the income foregone and interest expenses incurred on the Purchased Shares is less than the EPS before the share buy-back.

5.4 Directors' and Substantial Shareholders' Shareholdings

Based on the Register of Directors' and Substantial Shareholders' Shareholdings as at 31 March 2022 and assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full (up to 10% of the total number of issued shares) and that the Purchased Shares are from Shareholders other than the Directors and substantial shareholders of LICB, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing Directors and substantial shareholders of LICB by virtue of Section 127 (9) of the Act are set out below:

<u>Name</u>	<u>As at 31 March 2022</u>				<u>After Proposed Renewal of Share Buy-Back Authority</u>			
	<u>Direct Interest</u>		<u>Deemed Interest</u>		<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>No. of LICB Shares</u>	<u>%[^]</u>	<u>No. of LICB Shares</u>	<u>%[^]</u>	<u>No. of LICB Shares</u>	<u>%</u>	<u>No. of LICB Shares</u>	<u>%</u>
<u>Directors</u>								
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	100,000	0.01	100,000 ^(a)	0.01	100,000*	0.02	100,000 ^{(a)*}	0.02
Tan Sri Cheng Yong Kim	11,428,289	1.68	74,745,649 ^(b)	10.98	11,428,289*	1.77	74,745,649 ^{(b)*}	11.57
<u>Substantial Shareholders</u>								
Tan Sri Cheng Heng Jem	222,785,449	32.72	12,709,351 ^(c)	1.87	222,785,449*	34.48	12,709,351 ^{(c)*}	1.97
Tan Sri Cheng Yong Kim	11,428,289	1.68	74,472,627 ^(d)	10.94	11,428,289*	1.77	74,472,627 ^{(d)*}	11.53
Dynamic Horizon	74,472,627	10.94	-	-	74,472,627*	11.53	-	-

Notes:

- (a) Deemed interested by virtue of Section 8 of the Act held via Rasma Corporation Sdn Bhd.
- (b) Deemed interested by virtue of Section 8 of the Act held via Dynamic Horizon, and by virtue of his spouse, Puan Sri Ng Seok Kuan.
- (c) Deemed interested by virtue of Section 8 of the Act held via Amanvest, Tirta, Trillionvest, LCE and LDH Mgmt.
- (d) Deemed interested by virtue of Section 8 of the Act held via Dynamic Horizon.
- [^] Based on the total number of issued shares of the Company, excluding 37,105,300 LICB Shares bought back by the Company and retained as treasury shares as at 31 March 2022.
- * The number of shares remain unchanged. However, the percentage of shareholdings is increased proportionately.

Save as disclosed above, none of the Directors has any other interest, direct or indirect, in the LICB Shares.

5.5 Dividends

It is the intention of the Board of the Company to recommend dividends to allow Shareholders to participate in the profits of the Company whilst maintaining adequate reserves for the future growth of the Group.

Future dividends may be waived if:

- (a) the Group is in a loss position for the relevant financial period; or
- (b) the Group has insufficient cash flows to meet any dividend payment.

Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, the Proposed Renewal of Share Buy-Back Authority will have the effect of increasing the dividend rate of each LICB Share as treasury shares are not entitled to dividend.

The Directors did not recommend any dividend payment in respect of the 18-month financial period ended 31 December 2021.

6. IMPLICATION OF THE CODE

As LICB has no intention for the Proposed Renewal of Share Buy-Back Authority to trigger the obligation to undertake a mandatory general offer under the Code by any of its substantial shareholders and/or parties acting in concert with them, the Board will ensure that only such number of LICB Shares are purchased, retained as treasury shares, cancelled or distributed such that the Code will not be triggered.

The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of LICB Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

7. PURCHASE, RESALE AND CANCELLATION OF LICB SHARES MADE IN THE PRECEDING 12 MONTHS

The Company has not purchased, resold, cancelled or transferred any of the treasury shares in the preceding 12 months. As at 31 March 2022, there were 37,105,300 treasury shares held by the Company.

8. HISTORICAL SHARE PRICE OF LICB

Set out below is the historical transaction volume, monthly highest and lowest prices of LICB Shares that were traded on Bursa Securities for the past 12 months from April 2021 to March 2022:

	High RM	Low RM
2021		
April	0.900	0.720
May	1.000	0.590
June	0.665	0.515
July	0.600	0.510
August	0.635	0.510

	High RM	Low RM
2021		
September	0.650	0.535
October	0.925	0.525
November	0.780	0.540
December	0.630	0.560
2022		
January	0.655	0.565
February	0.675	0.570
March	0.635	0.525

(Source: Reuters)

The closing price of LICB Shares as at 31 March 2022 was RM0.56.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Save for the inadvertent proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the implementation of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and substantial shareholders of the Company and/or persons connected with them has any interest, direct or deemed, in the Proposed Renewal of Share Buy-Back Authority or resale of treasury shares.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company and accordingly, recommends that Shareholders vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the 91st AGM.

11. AGM

The 91st AGM, as convened by the Notice incorporated in the 2021 Annual Report, will be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No.1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 26 May 2022 at 10.00 am.

The 2021 Annual Report is available on the website of the Company at www.lion.com.my/licb-agm.

12. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

This Statement is dated 27 April 2022.

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors who individually and collectively accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, neither LICB nor any of its subsidiaries (excluding LPB and its subsidiaries) has entered into any contract which are material within the 2 years preceding the date of this Circular, other than contracts entered into in the ordinary course of business:

- (1) Conditional Sale and Purchase Agreement dated 9 June 2020 ("Conditional SPA") entered into between Lion Industries Corporation Berhad ("LICB"), Amsteel Mills Sdn Bhd ("AMSB" or "Seller") (a 99% subsidiary of LICB) and Esteel Enterprise Pte Ltd ("Esteel" or "Buyer") for the proposed disposal by the Seller 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 the Buyer for a cash consideration of USD128.00 million (equivalent to RM546.56 million).
- (2) Supplemental letter agreement dated 24 July 2020 to the Conditional SPA entered into between LICB, the Seller and the Buyer for an extension of time to 24 August 2020 for the completion of the Buyer's due diligence and to 1 September 2020 for the execution of a supplemental agreement to the Conditional SPA.
- (3) 2nd supplemental letter agreement dated 24 August 2020 to the Conditional SPA entered into between LICB, the Seller and the Buyer for a further extension of time to 15 September 2020 for the completion of the Buyer's due diligence and to 25 September 2020 for the execution of a supplemental agreement to the Conditional SPA.
- (4) 3rd supplemental letter agreement dated 25 September 2020 to the Conditional SPA entered into between LICB, the Seller and the Buyer for a further extension of time to 15 October 2020 for the execution of a supplemental agreement to the Conditional SPA and/or amended and restated sale and purchase agreement.
- (5) 4th supplemental letter agreement dated 15 October 2020 to the Conditional SPA entered into between LICB, the Seller and the Buyer for a further extension of time to 30 October 2020 for the execution of a supplemental agreement to the Conditional SPA and/or amended and restated sale and purchase agreement.
- (6) 5th supplemental letter agreement dated 30 October 2020 to the Conditional SPA entered into between LICB, the Seller and the Buyer to (i) further extend the execution of the supplemental agreement to the Conditional SPA and/or amended and restated sale and purchase agreement to 13 November 2020; and (ii) further extension of time for the obtaining of the relevant approvals ("Long-Stop Date") to 31 December 2020 or such other date as the parties of the Conditional SPA may mutually agree in writing.

- (7) 6th supplemental letter agreement dated 13 November 2020 to the Conditional SPA entered into between LICB, the Seller and the Buyer for a further extension of time to 20 November 2020 for the execution of a supplemental agreement to the Conditional SPA and/or amended and restated sale and purchase agreement.
- (8) Amended and Restated Sale and Purchase Agreement dated 20 November 2020 entered into between LICB, the Seller and the Buyer (“Amended and Restated SPA”) to amend and restate the terms and conditions of the Conditional SPA.
- (9) Settlement cum Share Sale Agreement dated 16 December 2020 (“Settlement cum Share Sale Agreement”) entered into between Antara and Lion Diversified Holdings Berhad (In Liquidation), acting by and through the appointed liquidator, Datuk Tee Guan Pian of Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur (“LDHB”), Lion Waterway Logistics Sdn Bhd and Posim Marketing Sdn Bhd (Lion Waterway Logistics Sdn Bhd, Posim Marketing Sdn Bhd and Antara, collectively, “Secured Parties”) for the settlement of the entire outstanding secured debts of approximately RM210.35 million due and owing by certain subsidiaries of LDHB to the Secured Parties for an aggregate settlement amount of approximately RM210.35 million, by way of the transfer of 1 ordinary share in Well Morning Limited of HKD1.00 (“Well Morning”), representing 100% equity interest in Well Morning held by LDHB to the Secured Parties in the agreed proportion stated therein.
- (10) Deed of Assignment dated 30 December 2020 (“Deed of Assignment”) entered into between Antara and AMSB whereby Antara assigned absolutely and irrevocably to AMSB of all Antara’s benefits, rights and interests in the Settlement cum Share Sale Agreement.
- (11) Trust Deed dated 30 December 2020 entered into between Antara and AMSB whereby Antara agreed and undertook to hold the unsecured amount of RM7,444,939.72 due and owing by certain subsidiaries of LDHB to Antara on trust for AMSB, in the consideration of AMSB agreeing and undertaking to enter into the Deed of Assignment.
- (12) Supplemental Letter Agreement dated 18 January 2021 to the Amended and Restated SPA between LICB, the Seller and the Buyer to vary and amend the Long-Stop Date to 8 March 2021 in order for the Parties to satisfy the conditions precedent as set out in the Amended and Restated SPA.
- (13) 2nd Supplemental Letter Agreement dated 4 March 2021 to the Amended and Restated SPA between LICB, the Seller and the Buyer to vary and amend the Long-Stop Date to 8 April 2021 in order for the Parties to satisfy the conditions precedent as set out in the Amended and Restated SPA.
- (14) 3rd Supplemental Letter Agreement dated 8 April 2021 to the Amended and Restated SPA between LICB, the Seller and the Buyer to vary and amend the Long-Stop Date to 10 April 2021 in order for the Parties to satisfy the conditions precedent as set out in the Amended and Restated SPA.
- (15) Sale and Purchase Agreement (“SPA”) dated 11 October 2021 entered into between LICB, AMSB (“Seller”) and Esteel (“Buyer”) for the proposed disposal by the Seller of its entire holding of (a) 218,010,000 ordinary shares; and (b) 30,000,000 redeemable preference shares in Antara, representing the entire 100% issued share capital of Antara to the Buyer for a cash consideration of USD122.00 million (“Proposed Disposal”).

- (16) Supplemental Letter Agreement dated 28 October 2021 to the SPA between LICB, the Seller and the Buyer to vary certain terms of the SPA in respect of the Proposed Disposal.
- (17) Assets Sale Agreement dated 15 December 2021 entered into between Lion DRI Sdn Bhd (a wholly-owned subsidiary of LDHB (“Lion DRI”), Lion DRI’s lender (as Security Trustee and Lender) and AMSB for the acquisition of the direct reduced iron plant located in Banting for a cash consideration of USD9 million (equivalent to approximately RM38.07 million).
- (18) Novation Agreement dated 6 January 2022 (“Novation Agreement”) entered into between Premier Land Resources Sdn Bhd (“Premier Land” or “Vendor”), Grandprop Sdn Bhd (“Grandprop”) and LLB Bina Sdn Bhd (“LLB Bina”) (a wholly-owned subsidiary of LICB) the purchase of 80 acres being part of undivided share forming part of the land held under Pajakan Negeri 113455, Lot 8590, Mukim Labu, Daerah Sepang, Negeri Selangor (“Sub-divided 80 acres Land”) by way of novation of all of Grandprop’s rights, benefits, interests, obligations and liabilities under the Conditional Sale and Purchase Agreement dated 20 November 2020 entered into between the Vendor and Grandprop (“Principal SPA”) to LLB Bina for a cash consideration of RM23 million and the Vendor has consented to such novation. The effective date of the Novation Agreement was 6 January 2022 (“Novation Effective Date”).
- (19) Conditional Sale and Purchase Agreement dated 14 January 2022 (“Agreement”) entered into between LICB, AMSB (“Seller”) and Esteel (“Buyer”) for the proposed disposal by AMSB of its entire 100% issued share capital of Eden Flame Sdn Bhd (“Eden Flame”) to Esteel for an Adjusted Consideration of approximately RM135.88 million based on Eden Flame’s proforma management accounts as at 30 November 2021 comprising the following share capital of Eden Flame (“Proposed Disposal of Eden Flame”):
- (a) the existing issued share capital of Eden Flame of RM3,000,000, comprising 3,000,000 ordinary shares fully paid; and
 - (b) additional fully paid-up ordinary shares in Eden Flame to be issued arising from the capitalisation of the amount owing by Eden Flame to AMSB (if any) which shall be undertaken and completed prior to the completion of the Proposed Disposal of Eden Flame.

Subsequently, the Buyer had on 24 January 2022 confirmed that the Cash-In-Company (as defined in the announcement dated 14 January 2022) which the Seller shall procure to be retained in Eden Flame on the Completion Date (as defined in the announcement dated 14 January 2022) shall be RM1 million.

- (20) Following the Novation Effective Date on 6 January 2022 as set out in paragraph (18) above, LLB Bina (“Purchaser”) (a wholly-owned subsidiary of LICB) became the substituted party to the Principal SPA as set out in paragraph (18) above in place of Grandprop Sdn Bhd as if it were the original party to the Principal SPA. In respect thereto, the Supplemental Agreement dated 10 March 2022 was entered into between the Purchaser and Premier Land wherein the parties had mutually agreed for the salient terms of the Principal SPA to be deleted in entirety and replaced by the following proposed amendment:

The Principal SPA is conditional upon the following conditions subsequent being satisfied on or before 20 February 2023 or such other extended period agreed upon by both parties thereto:

- (a) Issuance of separate title for the Sub-divided 80 acres Land to be obtained by Premier Land at its own costs and expenses;
 - (b) Consent of the State Authority to transfer the Sub-divided 80 acres Land in favour of the Purchaser to be obtained by Premier Land at its own costs and expenses;
 - (c) 4 copies of certified true copy of resolution of both the board of directors and the members of Premier Land for the disposal of the Sub-divided 80 acres Land and such other documents/consents as may be required to ensure that the Sub-divided 80 acres Land can be transferred and registered in the name of the Purchaser free from all encumbrance and caveats; and
 - (d) Removal and/or discharge of all encumbrances over the Sub-divided 80 acres Land.
- (21) Supplemental Letter Agreement dated 30 March 2022 to the Agreement between LICB, the Seller and the Buyer to vary and amend the Long-Stop Date to 30 June 2022 in order for the Parties to satisfy the conditions precedent as set out in the Agreement in relation to the Proposed Disposal of Eden Flame.

3. MATERIAL LITIGATION, CLAIM AND ARBITRATION

Neither LICB nor any of its subsidiaries (excluding LPB and its subsidiaries) is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of LICB and/or its subsidiaries and the Directors have no knowledge of any proceedings pending or threatened against LICB and/or its subsidiaries or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position of LICB and/or its subsidiaries.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders of the Company at the Registered Office of the Company at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 91st AGM:

- (a) Constitution of the Company;
- (b) Audited consolidated financial statements of the Company for the past 2 financial year/period ended 30 June 2020 and 31 December 2021; and
- (c) Material contracts referred to in Section 2 of this Appendix.