

THIS CIRCULAR TO SHAREHOLDERS OF LION INDUSTRIES CORPORATION BERHAD (“LICB” OR “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

CIRCULAR TO OUR SHAREHOLDERS IN RELATION TO THE:-

PROPOSED BONUS ISSUE OF UP TO 340,402,032 WARRANTS IN THE COMPANY (“WARRANTS”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN THE COMPANY HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad

Registration No. 197501002220 (23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“**EGM**”) of our 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, 24 November 2022 at 11.30 a.m., together with the Form of Proxy are enclosed herewith and available on our website at www.lion.com.my/licb-egm.

You are requested to complete the enclosed Form of Proxy and deposit it at the Office of our Poll Administrator for the EGM, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on or before the date and time indicated below if you are unable to participate at the EGM. The lodging of the Form of Proxy shall not preclude you from participating and voting remotely at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 22 November 2022 at 11.30 a.m.

Date and time of the EGM : Thursday, 24 November 2022 at 11.30 a.m.

This Circular is dated 9 November 2022

DEFINITIONS

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

Act	:	Companies Act 2016
AmInvestment Bank or Principal Adviser	:	AmInvestment Bank Berhad
Board	:	Board of Directors of LICB
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to shareholders dated 9 November 2022 in relation to the Proposed Bonus Issue of Warrants
CMSA	:	Capital Markets and Services Act 2007
Deed Poll	:	The deed poll constituting the Warrants and governing the rights of Warrants holders to be executed by our Company
Director(s)	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, within the meaning of Section 2(1) of the CMSA
EGM	:	Extraordinary general meeting of our Company
Entitled Shareholders	:	Shareholders of our Company whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	:	A date to be determined by our Board and announced later, on which the names of the shareholders of our Company must appear in our Record of Depositors as at the close of business on that date in order to be entitled to participate in the Proposed Bonus Issue of Warrants
EPS	:	Earnings per Share
FPE	:	Financial period ended
FYE	:	Financial year ended/ending
Group	:	Collectively, LICB and its subsidiaries
LICB or Company	:	Lion Industries Corporation Berhad
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	27 October 2022, being the latest practicable date prior to the printing of this Circular
Market Day	:	Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
NA	:	Net assets attributable to the owners of our Company
Official List	:	The official list of the Main Market of Bursa Securities

DEFINITIONS (CONT'D)

Proposed Bonus Issue of Warrants	:	Proposed bonus issue of up to 340,402,032 warrants in our Company on the basis of 1 Warrant for every 2 existing Shares held by Entitled Shareholders
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time
Shares	:	Ordinary shares in our Company
VWAP	:	Volume weighted average market price
Warrants	:	Up to 340,402,032 warrants to be issued pursuant to the Proposed Bonus Issue of Warrants

References to “we”, “us”, “our” and “ourselves” in this Circular are to our Company, and where the context otherwise requires, the subsidiaries. All references to “you” in this Circular are to our shareholders.

Words denoting the singular, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

All references to the date or time in this Circular are references to Malaysian time, unless otherwise stated.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates, indications and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that LICB’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Bonus Issue of Warrants. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Bonus Issue of Warrants before voting at the forthcoming EGM.

Issue size and basis	<p>Up to 340,402,032 Warrants to be issued on the basis of 1 Warrant for every 2 existing Shares held on the Entitlement Date.</p> <p>Please refer to Section 2.1 of this Circular for further information.</p>
Issue and exercise price	<p>The Warrants will be issued at no cost to the Entitled Shareholders.</p> <p>In determining the exercise price of the Warrants, we will consider the following:-</p> <ul style="list-style-type: none">(i) the historical price movement of the Shares;(ii) the 5-day VWAP of the Shares immediately preceding the price-fixing date for the Proposed Bonus Issue of Warrants; and(iii) the prevailing market conditions. <p>Our Board intends to fix the exercise price of the Warrants at a price of up to 20% premium to the 5-day VWAP of the Shares up to and including the date prior to the price fixing date.</p> <p>Please refer to Section 2.2 of this Circular for further information.</p>
Rationale	<p>The Proposed Bonus Issue of Warrants is intended to reward our existing shareholders for their continued support by providing them with an opportunity to increase their equity participation in our Company through the exercise of their Warrants at a pre-determined price during the exercise period of the Warrants.</p> <p>Please refer to Section 3 of this Circular for further information.</p>
Effects of the Proposed Bonus Issue of Warrants	<p>The Proposed Bonus Issue of Warrants will not have any effect on our existing issued share capital, NA, substantial shareholders' shareholdings, earnings and EPS until and unless the Warrants are exercised into new Shares.</p> <p>Please refer to Section 4 of this Circular for further information.</p>



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

9 November 2022

Board of Directors

Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin (*Independent Non-Executive Chairman*)
Tan Sri Cheng Heng Jem (*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: Our shareholders

Dear Sir/Madam

PROPOSED BONUS ISSUE OF WARRANTS

1. INTRODUCTION

On 30 September 2022, AmInvestment Bank, on behalf of our Board, announced that we propose to undertake the Proposed Bonus Issue of Warrants.

On 1 November 2022, AmInvestment Bank, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 1 November 2022, approved the following:-

- (a) admission to the Official List of the Main Market of Bursa Securities and listing and quotation of up to 340,402,032 Warrants; and
- (b) listing and quotation of up to 340,402,032 new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities;

subject to the conditions as disclosed in Section 6 of this Circular.

Further details of the Proposed Bonus Issue of Warrants are set out in the ensuing sections in this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED BONUS ISSUE OF WARRANTS, TO SET OUT THE VIEW AND RECOMMENDATION OF OUR BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES, BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED BONUS ISSUE OF WARRANTS

As at the LPD, our issued share capital is RM1,250,537,248 comprising 717,909,365 Shares (inclusive of 37,105,300 treasury shares). To facilitate the Proposed Bonus Issue of Warrants, we will not sell or purchase any treasury shares until the completion of the Proposed Bonus Issue of Warrants.

2.1 Basis and number of Warrants to be issued

The Proposed Bonus Issue of Warrants will be on the basis of 1 Warrant for every 2 existing Shares held by the Entitled Shareholders.

The actual number of Warrants to be issued will depend on the actual number of Shares in issue on the Entitlement Date. Pursuant to the Act, the treasury shares held by our Company shall not be entitled to the Warrants. Based on the number of Shares in issue as at the LPD of 680,804,065 Shares after excluding treasury shares, the total number of Warrants to be issued will be up to 340,402,032 Warrants.

The basis of the Warrants to be issued was determined after taking into consideration, amongst others, the following:-

- (i) the enlarged number of Shares upon exercise of the Warrants; and
- (ii) compliance with Paragraph 6.50 of the Listing Requirements which states that the number of Shares arising from the exercise of all outstanding convertible securities must not exceed 50% of the Company's total number of issued shares (excluding the treasury shares, if any and before the exercise of the convertible securities) at all times.

Fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, shall be disregarded and dealt with in such manner as our Board shall in its absolute discretion deem fit, expedient and in our best interest.

The Proposed Bonus Issue of Warrants will be implemented in a single tranche. The Warrants may be exercised at any time within the period of 3 years commencing from and including the date of issuance of the Warrants.

The Warrants will be issued in registered form and constituted by a Deed Poll. Please refer to Appendix I of this Circular for the indicative salient terms of the Deed Poll.

2.2 Basis of determining and justification for the issue price and exercise price of the Warrants

The Warrants will be issued as a bonus issue and at no cost to the Entitled Shareholders.

We propose to fix the exercise price for the Warrants at a later date after all relevant approvals have been obtained for the Proposed Bonus Issue of Warrants, but before the announcement of the Entitlement Date. We will make an announcement once our Board has fixed the exercise price of the Warrants.

In determining the exercise price of the Warrants, we will consider the following:-

- (i) the historical price movement of the Shares;
- (ii) the 5-day VWAP of the Shares immediately preceding the price-fixing date for the Proposed Bonus Issue of Warrants; and
- (iii) the prevailing market conditions.

It is the intention of our Board to fix the exercise price of the Warrants at a price of up to 20% premium to the 5-day VWAP of the Shares up to and including the date prior to the price fixing date. For illustration purposes, based on approximately 20% premium to the 5-day VWAP of the Shares up to and including the LPD of RM0.3142, the indicative exercise price of the Warrants is RM0.376 per Warrant.

For information, where the exercise price is at a premium to the closing of our share price on the last cum bonus date (being the date prior to the ex-bonus entitlement date), there will be no adjustment to our share price.

2.3 Rights and ranking of the Warrants and the new Shares to be issued arising from the exercise of the Warrants

The Warrant holders will not be entitled to any voting rights in any general meeting of our Company or right to participate in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new Shares.

The new Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, carry the same rights and rank equally in all respects with the existing Shares except that the new Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or any other form of distribution that may be declared, made or paid prior to their date of allotment and issuance of such new Shares arising from the exercise of the Warrants.

2.4 Listing of and quotation for the Warrants and new Shares to be issued arising from the exercise of the Warrants

Bursa Securities had vide its letter dated 1 November 2022, approved the admission of the Warrants to the Official List as well as the listing of and quotation for the Warrants and new Shares to be issued pursuant to the exercise of the Warrants, on the Main Market of Bursa Securities, subject to the conditions set out in Section 6 of this Circular.

2.5 Utilisation of proceeds

The Warrants will not raise any funds for our Company when issued as the Warrants will be issued as a bonus issue and at no cost to the Entitled Shareholders. The exact amount of proceeds to be raised from the exercise of Warrants would depend on the actual number of Warrants exercised during the 3 years tenure of the Warrants. As such, the actual timeframe and manner in which the proceeds will be used cannot be determined at this juncture.

Assuming all 340,402,032 Warrants are exercised at the assumed exercise price of RM0.376 each, the gross proceeds raised would amount to approximately RM128.0 million. Any proceeds to be raised (as and when the Warrants are exercised) will be used to fund our Group's future working capital requirements such as purchase of raw materials (e.g. scrap, pig iron and hot briquetted iron), staff cost (e.g. salaries and statutory contribution), utilities, office related expenses and rentals. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of usage and therefore has not been determined at this juncture. Nonetheless, we envisage that the utilisation of proceeds raised may be prioritised for purchase of raw materials followed by other working capital requirements. The timeframe for such utilisation of proceeds will also depend on the operating requirements then and amount raised and accordingly cannot be determined at this juncture. If such future utilisation requires approval from the shareholders under the Listing Requirements, we will seek the necessary approvals from the shareholders at a general meeting to be convened.

Pending utilisation of the proceeds for the above purpose, the money may be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interests derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will be used for our Group's working capital requirements.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF WARRANTS

The Proposed Bonus Issue of Warrants is intended to reward our existing shareholders for their continued support by providing them with an opportunity to increase their equity participation in our Company through the exercise of their Warrants at a pre-determined price during the exercise period of the Warrants. Proceeds that are raised from the exercise of Warrants are expected to strengthen our capital base and shareholders' funds.

3.1 Impact of the Proposed Bonus Issue of Warrants and value creation to our shareholders

The Warrants will not raise any funds for our Company when issued as the Warrants will be issued as a bonus issue and at no cost to the Entitled Shareholders. The exact amount of proceeds to be raised from the exercise of Warrants would depend on the actual number of Warrants exercised during the 3-year tenure of the Warrants. Any proceeds to be raised (as and when the Warrants are exercised) will be used to fund our Group's future working capital requirements such as purchase of raw materials (e.g. scrap, pig iron and hot briquetted iron), staff cost (e.g. salaries and statutory contribution), utilities, office related expenses and rentals.

Although our EPS may be diluted pursuant to the issuance of new Shares arising from the exercise of Warrants, the Proposed Bonus Issue of Warrants is expected to contribute positively to our Group's earnings through the utilisation of proceeds raised from the exercise of the Warrants. Such utilisation may contribute in enhancing the future value of our shareholders. The effects of the Proposed Bonus Issue of Warrants on our Company's share capital, NA and gearing, substantial shareholders' shareholding as well as earnings and EPS are set out in Section 4 of this Circular.

For information purposes, our Company had not undertaken any equity fund-raising exercises in the past 12 months prior to 30 September 2022 (being the date of the announcement for the Proposed Bonus Issue of Warrants).

3.2 Adequacy of the Proposed Bonus Issue of Warrants in addressing the financial requirements of our Group

The Proposed Bonus Issue of Warrants is not intended to address the financial requirements of our Group. It is intended to reward our existing shareholders for their continued support by providing them with an opportunity to increase their equity participation in our Company through the exercise of their Warrants at a pre-determined price during the exercise period of the Warrants. Nonetheless, proceeds that are raised from the exercise of Warrants are expected to strengthen our capital base and shareholders' funds.

3.3 Steps taken/to be undertaken by our Group to improve our financial condition

Our Group has undertaken and/or plans to undertake the following steps to improve our financial condition:

- (i) our Group is involved in the manufacturing of long steel products comprising bars and wire rods which are used in the construction, fabrication and manufacturing industries. On 30 July 2020, we completed the acquisition of flat steel assets which further expanded our steel product base to include the manufacturing of flat steel products comprising hot rolled coils and cold rolled coils which are used in manufacturing, engineering, industrial and construction-related application. The manufacturing of flat steel products is expected to place our Group in a strategic position to tap into the supply of hot rolled coils to meet the domestic demand due to the lack of local hot rolled coils producer;
- (ii) disposal of Antara Steel Mills Sdn Bhd, our then 99% owned subsidiary, which was completed on 10 December 2021 and raised approximately RM697.7 million cash proceeds for our Group;
- (iii) disposal of Eden Flame Sdn Bhd, our then 99% owned subsidiary, for RM136.1 million (completed on 27 May 2022) which enabled our Group to unlock the value of Eden Flame Sdn Bhd as it owns the long steel plant located in Pasir Gudang, Johor that produces billets which are rolled into steel bars and light sections such as angle bars, flat bars and U-channels (further details as set out in Note 2 of Section 4.2 below); and
- (iv) continuously monitoring our cost and cash flow management for each business segment, maintaining our presence in the market and improving on our product delivery and customer satisfaction. Our Group had made efforts to reduce its costs and expenses through optimisation of production, purchasing, allocation of current human resources, recruitment of additional staff when required and enhancement of management expertise.

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3.4 Historical financial information of our Group

A summary of the financial information of our Group for the FYE 30 June 2019, 30 June 2020 and 18-month FPE 31 December 2021 as well as for the 6-month FPE 30 June 2022 is as follows:

	Audited			Unaudited
	FYE 30 June 2019	FYE 30 June 2020	18-month FPE 31 December 2021⁽¹⁾	6-month FPE 30 June 2022⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	3,163,774	2,318,470	3,937,446	1,315,403
(Loss)/ Profit before tax	(128,045)	(377,024)	570,284	(64,121)
(Loss)/ Profit after tax attributable to owners of our Company ("LAT"/"PAT")	(157,253)	(390,533)	494,990	(62,292)
Share capital	1,250,536	1,250,536	1,250,536	1,250,536
Shareholders' fund / NA	1,673,901	1,251,585	1,813,558	1,747,393
No. of Shares in issue ⁽³⁾	680,804	680,804	680,804	680,804
Weighted average number of Shares in issue	680,804	680,804	680,804	680,804
NA per Share (RM)	2.46	1.84	2.66	2.57
(Loss per share) / EPS ⁽⁴⁾ (RM)	(0.23)	(0.57)	0.73	(0.09)
Total borrowings ⁽⁵⁾	163,233	163,605	182,211	170,453
Gearing (times)	0.10	0.13	0.10	0.10

Notes:-

- (1) As announced on 4 June 2021, our Company changed its financial year end from 30 June to 31 December.
- (2) No comparative figure available for 6-month FPE 30 June 2022 as our Company changed its financial year end from 30 June to 31 December on 4 June 2021.
- (3) Excluding 37,105,300 treasury shares.
- (4) Based on the weighted average number of Shares in issue.
- (5) Excluding lease liabilities.

Financial commentaries:

(i) 6-month FPE 30 June 2022

Our Group recorded a revenue of RM1,315.4 million for the 6-month FPE 30 June 2022 with our steel business segment contributing the highest revenue of RM1,038.2 million.

Our Group recorded an LAT of RM62.3 million for the 6-month FPE 30 June 2022 mainly due to the segmental loss of RM44.5 million from the steel business.

(ii) Annualised 18-month FPE 31 December 2021 vs FYE 30 June 2020

Our Group recorded a higher revenue of RM2,625.0 million for the annualised 18-month FPE 31 December 2021 (FYE 30 June 2020: RM2,318.5 million), representing an increase of RM306.5 million or 13.2%, mainly due to higher revenue from our steel business segment as a result of the higher steel price.

Our Group recorded a PAT of RM330.0 million for the annualised 18-month FPE 31 December 2021 (FYE 30 June 2020: LAT of RM390.5 million), representing an improvement of RM720.5 million or 184.5%, mainly due to the one-off gain of RM440.5 million arising from the disposal of Antara Steel Mills Sdn Bhd (a former 99% owned subsidiary of our Company) which was completed on 10 December 2021.

(iii) FYE 30 June 2020 vs FYE 30 June 2019

Our Group recorded a lower revenue of RM2,318.5 million for the FYE 30 June 2020 (FYE 30 June 2019: RM3,163.8 million), representing a decrease of RM845.3 million or 26.7%, mainly due to lower revenue contribution from our steel business segment as a result of the lower steel price as well as the temporary closure of our operation during the movement control period in 2020.

Our Group recorded a higher LAT of RM390.5 million for the a FYE 30 June 2020 (FYE 30 June 2019: LAT of RM157.3 million), representing an increase of RM233.2 million or 148.3%, mainly due to higher loss from operations of RM261.9 million (FYE 30 June 2019: loss of RM99.9 million).

(iv) FYE 30 June 2019 vs FYE 30 June 2018

Our Group recorded a lower revenue of RM3,163.8 million for the FYE 30 June 2019 (FYE 30 June 2018: RM3,290.8 million), representing a decrease of RM127.0 million or 3.9%, mainly due to lower revenue contribution from our steel business segment as a result of the lower steel price.

Our Group recorded an LAT of RM157.3 million for the FYE 30 June 2019 (FYE 30 June 2018: PAT of RM172.9 million), representing a decrease of RM330.2 million or 191.0%, mainly due to lower profit margin.

4. EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS

4.1 Issued share capital

The Proposed Bonus Issue of Warrants will not have any effect on our existing issued share capital until and unless the Warrants are exercised into new Shares.

For illustration purposes, the pro forma effects of the Proposed Bonus Issue of Warrants on our issued share capital are as follows:-

	No. of Shares (‘000)	RM’000
As at the LPD	717,909 ⁽¹⁾	1,250,536
Assuming full exercise of all Warrants at RM0.376 each	340,402	127,991
Enlarged issued share capital	1,058,311	1,378,527

Note:-

(1) Including 37,105,300 treasury shares as at the LPD.

4.2 NA and gearing

Based on the latest audited financial statement of our Group for the 18-month financial period ended 31 December 2021, the pro forma effects of the Proposed Bonus Issue of Warrants on the NA and gearing are as follows:-

	Audited as at 31 December 2021 (RM'000)	(I) After subsequent events (RM'000)	(II) After (I) and Proposed Bonus Issue of Warrants (RM'000)	(III) After (II) and assuming full exercise of the Warrants (RM'000)
Share capital	1,250,536	1,250,536	1,250,536	1,378,527 ⁽⁴⁾
Reserves	563,022	625,449 ⁽²⁾	625,049 ⁽³⁾	625,049
Shareholders' funds / NA	1,813,558	1,875,985	1,875,585	2,003,576
No. of Shares in issue ⁽¹⁾ ('000)	680,804	680,804	680,804	1,021,206 ⁽⁴⁾
NA per Share (RM)	2.66	2.76	2.75	1.96
Total borrowings	182,211	182,211	182,211	182,211
Gearing (times)	0.10	0.10	0.10	0.09

Notes:-

- (1) Excluding 37,105,300 treasury shares.
- (2) On 14 January 2022, we announced the disposal of 100% equity interest in Eden Flame Sdn Bhd by Amsteel Mills Sdn Bhd ("**Amsteel Mills**") (our 99% owned subsidiary) to Esteel Enterprise Pte Ltd. The said disposal was completed on 27 May 2022 and resulted in a gain on disposal of RM62,427,000.
- (3) After deducting estimated expenses of approximately RM0.4 million in relation to the Proposed Bonus Issue of Warrants.
- (4) Assuming 340,402,032 Warrants are exercised at the indicative exercise price of RM0.376 each.

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4.3 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Warrants will not have any immediate effect on our substantial shareholders' shareholdings until new Shares are issued pursuant to the exercise of the Warrants. The actual quantum of effect on our substantial shareholders' shareholdings would depend on the number of new Shares issued at the relevant point in time.

For illustrative purposes, assuming all Warrants are exercised, the pro forma effects of the Proposed Bonus Issue of Warrants on the substantial shareholders' shareholdings are as follows:-

	As at the LPD			(I) After the Proposed Bonus Issue of Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽¹⁾	No. of Shares	No. of Shares	% ⁽¹⁾	No. of Shares
Tan Sri Cheng Heng Jem	222,785,449	32.72	12,709,351 ⁽²⁾	222,785,449	32.72	12,709,351 ⁽²⁾
Dynamic Horizon Holdings Limited	74,472,627	10.94	-	74,472,627	10.94	-
Tan Sri Cheng Yong Kim	11,428,289	1.68	74,472,627 ⁽³⁾	11,428,289	1.68	74,472,627 ⁽³⁾

	(II) After (I) and assuming full exercise of the Warrants		
	Direct		Indirect
	No. of Shares	% ⁽¹⁾	No. of Shares
Tan Sri Cheng Heng Jem	334,178,173	32.72	19,064,026 ⁽²⁾
Dynamic Horizon Holdings Limited	111,708,940	10.94	-
Tan Sri Cheng Yong Kim	17,142,433	1.68	111,708,940 ⁽³⁾

Notes:-

- (1) Excluding 37,105,300 treasury shares and assuming none of the treasury shares are resold in the open market.
- (2) Deemed interest by virtue of Section 8 of the Act held via Amanvest (M) Sdn Bhd, Tirta Enterprise Sdn Bhd, Trillionvest Sdn Bhd, Lion Construction & Engineering Sdn Bhd and LDH Management Sdn Bhd (In Liquidation).
- (3) Deemed interest by virtue of Section 8 of the Act held via Dynamic Horizon Holdings Limited.

4.4 Earnings and EPS

The Proposed Bonus Issue of Warrants is not expected to have any material effect on our consolidated earnings for the financial year ending 31 December 2022. However, our EPS may be diluted pursuant to the issuance of new Shares arising from the exercise of Warrants.

Barring any unforeseen circumstances, the Proposed Bonus Issue of Warrants is expected to contribute positively to our Group's earnings through the utilisation of proceeds raised from the exercise of the Warrants.

4.5 Convertible Securities

As at the LPD, our Company does not have any outstanding convertible securities.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest closing market prices of the Shares traded on the Main Market of Bursa Securities for the past 12 months are set out as below:-

	<u>Highest RM</u>	<u>Lowest RM</u>
<u>2021</u>		
October	0.925	0.525
November	0.780	0.540
December	0.630	0.560
<u>2022</u>		
January	0.655	0.565
February	0.675	0.570
March	0.635	0.525
April	0.665	0.555
May	0.585	0.495
June	0.520	0.410
July	0.430	0.350
August	0.420	0.340
September	0.360	0.285
Last transacted market price on 29 September 2022 (being the last Market Day prior to the announcement of the Proposed Bonus Issue of Warrants)		0.290
Last transacted market price as at the LPD		0.315

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Bonus Issue of Warrants requires approvals from:-

- (i) Bursa Securities for the following:-
 - (a) admission to the Official List of the Main Market of Bursa Securities and listing and quotation of the Warrants; and
 - (b) listing and quotation of the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

The approval has been given by Bursa Securities vide its letter dated 1 November 2022 subject to the following conditions:-

<u>No.</u>	<u>Conditions</u>	<u>Status of compliance</u>
1.	Our Company and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;	To be complied
2.	AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;	To be complied
3.	AmInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed;	To be complied
4.	Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants under the Proposed Bonus Issue of Warrants as at the end of each quarter; and	To be complied
5.	To incorporate the comments made by Bursa Securities in the circular provided in its letter dated 1 November 2022.	Complied

(ii) our shareholders at the forthcoming EGM; and

(iii) any other relevant authorities (where applicable).

7. INTER-CONDITIONALITY

The Proposed Bonus Issue of Warrants is not conditional upon any other corporate exercises undertaken or to be undertaken by our Company. Save for the following, there is no other corporate exercise which has been announced but not yet completed:

(i) the Proposed Bonus Issue of Warrants;

(ii) On 6 January 2022, LLB Bina Sdn Bhd (our wholly-owned subsidiary) entered into a novation agreement with Grandprop Sdn Bhd and Premier Land Resources Sdn Bhd for the proposed acquisition of a sub-divided 80 acres of leasehold agriculture land located at Daerah Sepang, Selangor by way of novation to LLB Bina Sdn Bhd of all rights, benefits, interests, obligations and liabilities of Grandprop Sdn Bhd for a cash consideration of RM23 million ("**Proposed Acquisition of Sepang Land**"). As at the LPD, the Proposed Acquisition of Sepang Land is pending fulfillment of the remaining conditions precedent; and

- (iii) On 15 July 2022, Amsteel Mills served a notice to Yinson Corporation Sdn Bhd to exercise a purchase option pursuant to a lease arrangement entered on 12 April 2017 for a period of 5 years (“**Lease Term**”) with an option to renew the lease term for another term of 5 years (“**Renewed Lease Term**”) on a piece of leasehold industrial land measuring approximately 3.23 hectares (or 7.98 acres) located in Klang, Selangor together with buildings erected thereon (“**Property**”) with an option to purchase the Property during the Lease Term and the Renewed Lease Term. On 29 July 2022, Amsteel Mills and Yinson Corporation Sdn Bhd entered into a conditional sale and purchase agreement for the proposed acquisition of the Property for a purchase consideration of approximately RM47.13 million (“**Proposed Acquisition of Klang Land**”). As at the LPD, the Proposed Acquisition of Klang Land is pending fulfillment of the remaining conditions precedent.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/OR PERSONS CONNECTED WITH THEM

None of our Directors, major shareholders, chief executives and/or persons connected with them has any interest, direct and/or indirect in the Proposed Bonus Issue of Warrants, save for their respective entitlements as shareholders of our Company for which all Entitled Shareholders are similarly entitled to.

9. DIRECTORS’ STATEMENT AND RECOMMENDATION

After having considered all aspects of the Proposed Bonus Issue of Warrants, including the rationale and financial effects of the Proposed Bonus Issue of Warrants, our Board is of the opinion that the Proposed Bonus Issue of Warrants is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at the forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the required approvals being obtained from the relevant authorities and/or parties, the Proposed Bonus Issue of Warrants is expected to be completed with the listing of and quotation for the Warrants in the fourth quarter of 2022.

The tentative timeline for the implementation of the Proposed Bonus Issue of Warrants is as follows:-

Events	Timeline
• EGM	• 24 November 2022
• Announcement of the Entitlement Date for the Proposed Bonus Issue of Warrants	• End November 2022
• Entitlement Date for the Warrants	• Mid December 2022
• Listing of and quotation for the Warrants	• End December 2022
• Completion of the Proposed Bonus Issue of Warrants	• End December 2022

11. EGM

The EGM, the Notice of which is enclosed with this Circular, 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, 24 November 2022 at 11.30 a.m.**, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Bonus Issue of Warrants.

If you are unable to participate and vote remotely at the EGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the Office of our Poll Administrator, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan no later than 48 hours before the time for holding the EGM. The completion and lodging of the Form of Proxy will not preclude you from participating and voting remotely at the EGM should you subsequently wish to do so.

This Circular together with the Notice of EGM and Form of Proxy are also available on our websites at www.lion.com.my/licb-egm and that of Bursa Securities at www.bursamalaysia.com.

12. FURTHER INFORMATION

You are requested to refer to the enclosed appendices in this Circular for further information.

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

**DATUK SERI UTAMA RAJA NONG CHIK
BIN DATO' RAJA ZAINAL ABIDIN**
Independent Non-Executive Chairman

INDICATIVE SALIENT TERMS OF THE DEED POLL

The indicative salient terms of the Deed Poll are as follows:-

Terms	Details
Issuer	: Lion Industries Corporation Berhad (“ LICB ”)
Issue size	: Up to 340,402,032 Warrants
Form	: The Warrants will be traded on Bursa Securities. The Warrants will be issued in registered form and constituted by a Deed Poll.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 unit of Warrants or such other denominations as permitted by Bursa Securities.
Exercise Period	: The Warrants may be exercised at any time within the period of 3 years commencing from and including the date of issuance of the Warrants and to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3 rd anniversary of the issue date, and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	: The exercise price of the Warrants shall be determined and announced by the Board at a later date but prior to the announcement of the Entitlement Date. The exercise price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Mode of exercise	: The registered holder of a Warrant is required to lodge an exercise notice with the Company’s share registrar, duly completed, signed and stamped (in accordance with any law for the time being in force relating to stamp duty) together with payment of the Exercise Price by bankers’ draft or cashier’s order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia or any other mode by way of internet bank transfer or via online payment that may be accepted by gateway for the Company at its absolute discretion, for the exercise notice lodged in accordance with the terms and provisions of the Deed Poll.
Exercise rights	: Subject to adjustments in accordance with the provisions of the Deed Poll, each Warrant shall entitle the registered holder, to subscribe for 1 new Share at the Exercise Price, subject to the terms and provisions of the Deed Poll at any time during the Exercise Period. The registered holders of the Warrants are not entitled to any voting rights or participation in any forms of distribution and/or offer of further securities in LICB until and unless such registered holders exercise the Warrants for the new Shares in accordance with the Deed Poll and such new Shares have been allotted and issued to such registered holders.

INDICATIVE SALIENT TERMS OF THE DEED POLL (CONT'D)

Terms	Details
Adjustments in the Exercise Price and/or number of Warrants	: Subject to the provisions of the Deed Poll, the Exercise Price and/or number of unexercised Warrants in issue may be subject to adjustments by the Board, in consultation with an approved adviser appointed by the Company or the auditors, from time to time, of the Company or such other firm of licensed auditors in Malaysia registered with the Audit Oversight Board approved by the Directors and appointed by the Company for the purposes of the Deed Poll, in the event of any alteration to the share capital of the Company at any time during the Exercise Period of the Warrants, whether by way of, among others, rights issue, bonus issue, capitalisation, consolidation or subdivision or reduction of capital, in accordance with the provisions of the Deed Poll.
Mode of transfer	: The Warrants may be transferred in accordance with the terms and provisions of the Deed Poll, the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Listing	: Approval has been obtained from Bursa Securities on 1 November 2022 for the admission of the Warrants to the Official List of the Main Market of Bursa Securities as well as the listing of and quotation for the Warrants and new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.
Ranking of new Shares to be issued pursuant to the exercise of Warrants	: The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, issuance and full payment of the Exercise Price, rank <i>pari passu</i> in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions (“ Distribution ”) which may be declared, made or paid to shareholders, the entitlement date for the Distribution of which is prior to the date of allotment and issuance of such new Shares arising from the exercise of the Warrants.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a members’ voluntary winding-up of the Company, or there is a compromise or arrangement in which the Company is no longer the continuing corporation, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then – <ul style="list-style-type: none"> (i) if such winding-up, or compromise or arrangement in which the Company is no longer the continuing corporation, and which the Warrant holders or some persons designated by them for such purposes by a Special Resolution shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and

INDICATIVE SALIENT TERMS OF THE DEED POLL (CONT'D)

Terms**Details**

- (ii) subject always to the terms and provisions of the Deed Poll, every Warrant holder shall thereupon be entitled to exercise his Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement in which the Company is no longer the continuing corporation, whereupon the Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if the Warrant holder had on such date been the holder of the new Shares to which the Warrant holder would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all exercise rights shall lapse and cease to be valid for any purpose.

Governing law

: The Warrants and the Deed Poll shall be governed by and will be construed in accordance with the laws of Malaysia.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST**2.1 AmInvestment Bank**

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, "**AmBank Group**") forms a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other client, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

As at the LPD, AmBank Group has not extended any credit facilities to our Group.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser for the Proposed Bonus Issue of Warrants is not likely to result in a conflict of interest or potential conflict of interest situation in view that:

- (i) AmBank Group form a diversified financial group and are engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as Principal Adviser in respect of the Proposed Bonus Issue of Warrants is in the ordinary course of business; and
- (ii) Each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entity within AmBank Group have separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is also regulated by Bank Negara Malaysia.

Premised on the above, AmInvestment Bank confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposed Bonus Issue of Warrants.

FURTHER INFORMATION (CONT'D)

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims, or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of our Group and there is no proceeding which is pending or threatened against our Group, or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Group save for the following:-

(i) On 20 November 2015, Amsteel Mills as buyer and Ann Joo Steel Berhad ("**Ann Joo**") as seller had entered into 2 separate sale contracts as follows:-

a. Contract D15019

Sale of 20,000 metric tonnes ("**MT**") of Steel Prime Concast Billets MHTD G500 ("**Re-Bar Billets**"). The agreed time of delivery was in or about December 2015; and

b. Contract D15020

Sale of 20,000 MT of Re-Bar Billets. The agreed time of delivery was January 2016.

The first delivery under Contract D15019 was made on 11 December 2015, while the last batch delivery under Contract D15019 was made on or about 4 March 2016.

Pursuant to Contract D15020, on 26 November 2015 Amsteel Mills issued Purchase Order No. 192055 ("**PO192055**") for delivery on 31 January 2016. However, Ann Joo failed to make any delivery in respect of PO192055.

On 6 January 2016, Amsteel Mills requested and Ann Joo agreed that orders under Contract D15020 be amended. On 15 February 2016, the parties had entered into an agreement ("**Addendum**") to amend the sale under Contract D15020 from 20,000 MT of Re-Bar Billets to sale of:-

- 10,000 MT of Re-Bar Billets;
- 4,000 MT of Low Carbon Steel Wire Rod Billets ("**Wire Rod Billets**") SWRM 10K; and
- 6,000 MT of Low Carbon Steel Wire Rod Billets SWRM 12K.

On 18 February 2016, Amsteel Mills had issued Purchase Order No. 192057 ("**PO192057**") for the wire rod billets, which was due for delivery on 31 March 2016. However, Ann Joo had failed to make any delivery in respect of PO192057.

On 3 March 2016, Ann Joo had informed that Ann Joo is no longer proceeding with Contract D15020 due to alleged default by Amsteel Mills under Contract D15019.

Following the above, by reason of Ann Joo's termination of Contract D15020 and the Addendum, Amsteel Mills (as plaintiff) commenced Civil Suit No. WA-22NCVC-303-06/2017 (dated 15 June 2017) against Ann Joo (as defendant) in the High Court claiming for, amongst others, damages arising from loss of profit in the sum of RM14,869,865.00 or alternatively, value loss from non-delivery of goods which amounted to RM1,449,200.00.

On 25 September 2018, Amsteel Mills had applied to the High Court for an order for discovery and disclosure of documents pertaining to the revenue and/or profits gained by Ann Joo's from its alleged breach of contract. On 23 April 2019, the High Court dismissed Amsteel Mills' application for discovery order. Following Amsteel Mills' appeal, the Court of Appeal had on 30 September 2021 granted discovery order in favour of Amsteel Mills ("**COA Discovery Decision**").

On 28 October 2021, Ann Joo had applied for leave to appeal to the Federal Court against the COA Discovery Decision ("**Leave Application**").

FURTHER INFORMATION (CONT'D)

On 29 October 2021, Ann Joo had applied to the Court of Appeal for stay of the COA Discovery Decision ("**Stay Application**"). On 14 December 2021, Amsteel Mills applied to Court of Appeal to amend the COA Discovery Decision ("**Amendment Application**").

On 19 September 2022, the Court of Appeal dismissed the Amendment Application and allowed the Stay Application. On 18 October 2022, the Federal Court has dismissed the Leave Application.

The High Court has fixed the trial on 1, 2, 3, 4 and 11 August 2023.

At this juncture, the solicitors in charge are unable to opine on the outcome of the above action which is pending trial.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

As at the LPD, there is no material commitment incurred or known to be incurred by our Group, which may have a material impact on our financial results or position, save for the following:-

	Group level As at the LPD (RM'000)
Capital expenditure for property, plant and equipment:-	
• Approved and contracted for	2,600
• Approved but not contracted for	3,320
Total	<u>5,920</u>

4.2 Contingent liabilities

As at the LPD, there are no material contingent liabilities incurred or known to be incurred by our Company which upon being enforced may have a material impact on our financial results or position, save for the following:-

	Company level As at the LPD (RM'000)
Guarantees given by our Company for borrowings and other credit facilities obtained and utilised by its subsidiary companies	735,470
Total	<u>735,470</u>

FURTHER INFORMATION (CONT'D)

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office 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) following the date of this Circular, up to and including the date of the EGM:-

- (i) our Constitution;
- (ii) the audited consolidated financial statements of our Group for the 18-month financial period ended 31 December 2021 and financial year ended 30 June 2020 as well as the latest unaudited financial statements of our Group for the 6-month financial period ended 30 June 2022;
- (iii) the letter of consent referred to in Section 2 of this appendix;
- (iv) the relevant cause papers in Section 3 of this appendix: and
- (v) the draft Deed Poll.

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LION INDUSTRIES CORPORATION BERHAD
Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Lion Industries Corporation Berhad (“**LICB**” or “**Company**”) (“**EGM**”) 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, 24 November 2022 at 11.30 a.m. for the purpose of considering and, if thought fit, passing the following Ordinary Resolution:

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 340,402,032 WARRANTS IN THE COMPANY (“WARRANTS”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN THE COMPANY (“SHARES”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)

“THAT subject to the approval of all relevant authorities, authority be and is hereby given to the Directors of the Company to issue up to 340,402,032 Warrants in registered form and constituted by a deed poll to be executed by the Company (“**Deed Poll**”), on the basis of 1 Warrant for every 2 existing Shares held by the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business at 5.00 p.m. on a day to be determined and announced later;

THAT the Directors be and are hereby authorised to enter into and execute the Deed Poll on behalf of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Directors, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendments to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Directors deem fit and/or expedient in order to implement, finalise and give full effect to the Deed Poll;

THAT the fractional entitlement arising from the Proposed Bonus Issue of Warrants, if any, shall be disregarded and dealt with in such manner as the Directors shall in its absolute discretion deem fit, expedient and in the best interest of the Company;

THAT the Directors be and are hereby authorised to allot and issue such number of new Shares arising from the exercise of the Warrants by the holders of the Warrants of their rights in accordance with the provisions of the Deed Poll;

THAT the new Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, carry the same rights and rank equally in all respects with the existing Shares except that the new Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or any other form of distribution that may be declared, made or paid prior to their date of allotment and issuance of such new Shares arising from the exercise of the Warrants;

THAT the proceeds raised from the exercise of the Warrants, if any, be utilised for the purposes as set out in the circular to shareholders of the Company dated 9 November 2022 and the Directors be and are hereby authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary and/or expedient, subject (when required) to the approval of the relevant authorities;

AND THAT the Directors be and are hereby empowered and authorised to take all such steps and do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company all necessary documents to give full effect to and for the purpose of completing and/or implementing the Proposed Bonus Issue of Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company.”

By Order of the Board

WONG PHOOI LIN (MAICSA 7013812)
SSM PC NO. 202008002964

KONG SIEW FOON (MAICSA 7044962)
SSM PC NO. 202008002081
Secretaries

Kuala Lumpur
9 November 2022

Notes:

1. *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 November 2022 shall be eligible to participate at the Meeting.*
2. *A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.*
3. *If a member appoints 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 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 Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 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.*
- *The EGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting (“RPV”) facilities available on Securities Services e-Portal at <https://sshsb.net.my/>. Please refer to the procedures provided in the Administrative Guide for the EGM for registration, participation and remote voting via the RPV facilities.*



LION INDUSTRIES CORPORATION BERHAD
Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

CDS ACCOUNT NUMBER

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FORM OF PROXY

I/We _____

NRIC/Passport/Registration No. _____

of _____

being a member of **LION INDUSTRIES CORPORATION BERHAD**, hereby appoint _____

NRIC/Passport No. _____

of _____

or failing whom, _____

NRIC/Passport No. _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company ("**EGM**") 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, 24 November 2022 at 11.30 a.m. and at any adjournment thereof.

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1	PROPOSED BONUS ISSUE OF WARRANTS		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this _____ day of _____ 2022.

No. of shares : _____ Signed : _____

Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 November 2022 shall be eligible to participate at the Meeting.*
- A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.*
- If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.*
- 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.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 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.*
- The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.*
- Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.*
- The EGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at <https://sshb.net.my/>. Please refer to the procedures provided in the Administrative Guide for the EGM for registration, participation and remote voting via the RPV facilities.*



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AFFIX
STAMP

The Poll Administrator
LION INDUSTRIES CORPORATION BERHAD
SS E Solutions Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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