

NEWSFLASH

In its announcement to Bursa Malaysia dated 3 July 2018, LICB Group had announced its proposal to expand into the flat steel business through the proposed acquisition of flat steel assets with a production capacity of 3.2 million metric ton per annum of Hot Rolled Coil and 0.70 million MT per annum of Cold Rolled Coil ("Flat Steel Assets").

The proposal by LICB Group is purely for the purchase of Flat Steel Assets without assuming any debts or liabilities of Megasteel. This will widen the LICB Group's steel product base to include flat steel products that will strengthen its presence in the steel industry in Malaysia at a comparatively low investment cost.

LICB Group would like to reiterate that the proposal is an arm's length transaction negotiated by LICB. The Purchase Consideration for Encumbered Assets is RM537.73 million as compared to the net book value of the said assets of the vendor as at 30 June 2017 and 30 April 2018 of RM1,947.86 million (audited) and RM1,839.14 million (unaudited) respectively.

LICB believes that the proposal is expected to contribute positively to the future earnings of the Group.

As stated in the announcement, Mercury Securities Sdn Bhd has been appointed to advise the non-interested shareholders by setting out their views on the proposal in an Independent Advice Circular to be despatched to shareholders in due course pursuant to an Extraordinary General Meeting to be convened.