

## OTHER INFORMATION

### (I) MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

1. Memorandum of Understanding dated 3 July 2018 entered into between the Company and Megasteel Sdn Bhd (“Megasteel”), a subsidiary of Lion Corporation Berhad, wherein a Director of the Company is a Director, and a major shareholder of the Company has interests, in relation to the Company’s proposed expansion into the flat steel business through the proposed acquisitions of flat steel assets with a production capacity of 3.20 million metric ton per annum of hot-rolled coils and 0.70 million metric ton per annum of cold-rolled coils involving the following (“Proposed Expansion into Flat Steel Business”) :
  - (a) proposed acquisition by Oriental Shield Sdn Bhd (“Oriental Shield”), a wholly-owned subsidiary of the Company, of all encumbered fixed and floating assets (including (i) land and buildings, plant and machineries and floating assets owned by Megasteel; and (ii) 500,000 ordinary shares, representing 100% equity interest in Secomex Manufacturing (M) Sdn Bhd, a wholly-owned subsidiary of Megasteel, that are charged to the secured lenders of Megasteel (“Megasteel Secured Lenders”), from Megasteel for a purchase consideration of approximately RM537.73 million which is payable by Oriental Shield to the Megasteel Secured Lenders;
  - (b) proposed assignment to Gelora Berkat Sdn Bhd (“Gelora”), a wholly-owned subsidiary of the Company, of the benefits accruing to the Megasteel Secured Lenders for the under-secured portion debts from the Megasteel Secured Lenders under a debt settlement scheme to be undertaken by Megasteel and the Megasteel Secured Lenders, for a cash consideration of RM8.50 million.
  - (c) proposed acquisition by Gelora of all the following unencumbered assets of Megasteel for a cash consideration of approximately RM24.5 million:
    - (i) freehold land measuring approximately 203,069 square metres held under Geran H.S.(D) 26819, No. PT 17217, Mukim of Tanjong Duabelas, District of Kuala Langat, State of Selangor; and
    - (ii) that piece of land measuring 9,222 square metres to be sub-divided from the land held under Geran 273722, Lot 667, Pekan Bukit Changgang, District of Kuala Langat, State of Selangor.
2. Tri-partite Settlement Agreement dated 3 July 2018 entered into among Oriental Shield, Megasteel and Tenaga Nasional Berhad (“TNB”) for the proposed supply of electricity to the Company and its subsidiaries in Banting to facilitate the Proposed Expansion into Flat Steel Business for a cash consideration of RM35.80 million.

TNB had on 13 September 2018 granted an extension of time for Megasteel and Oriental Shield to satisfy the conditions precedent as set out in the Tri-partite Settlement Agreement from 31 August 2018 to 28 February 2019.

**(II) NON-AUDIT FEES**

The amount of non-audit fees paid or payable to External Auditors by the Group and Company for the financial year was RM16,000 and RM8,000 respectively (RM17,000 and RM8,000 respectively in 2017).

**(III) RECURRENT RELATED PARTY TRANSACTIONS**

The aggregate value of transactions conducted during the financial year ended 30 June 2018 were as follows:

<b>Nature of Recurrent Transactions</b>	<b>Related Parties</b>	<b>Amount RM'000</b>
<b>Steel related</b> (i) Sale of scrap iron, steel bars, wire rods, hot briquetted iron, billets and other related products and services	Lion Corporation Berhad Group ("LCB Group") <sup>(1)</sup>	22,605
	LTC Corporation Limited Group <sup>(2)</sup>	22,202
		44,807
(ii) Purchase of scrap iron, gases and other related products and services	LCB Group <sup>(1)</sup>	1,321
	Lion Asiapac Limited Group ("LAP Group") <sup>(1)</sup>	14,583
	Lion Diversified Holdings Berhad Group <sup>(3)</sup>	94,327
	LTC Corporation Limited Group <sup>(2)</sup>	4,683
		114,914
(iii) Purchase of tools, dies and spare parts	ACB Resources Berhad Group <sup>(1)</sup>	2,026
(iv) Provision of storage, leasing and rental of properties, management and support, and other related services	LAP Group <sup>(1)</sup>	322

**Notes:**

"Group" includes subsidiary and associated companies.

- (1) Companies in which a major shareholder of the Company has a substantial interest.
- (2) Companies in which a Director who is also a major shareholder of the Company has a substantial interest.
- (3) Companies in which a Director and certain major shareholders of the Company have substantial interests.