

MATERIAL CONTRACTS

INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

- 1) Conditional Share Sale Agreement dated 5 July 2000, First Supplemental Agreement dated 19 October 2000, Second Supplemental Agreement dated 8 October 2001, Third Supplemental Agreement dated 26 March 2002, Fourth Supplemental Agreement dated 3 September 2002 and Fifth Supplemental Agreement dated 7 January 2003 between the Company ("LCB") of the one part and Amsteel Corporation Berhad ("Amsteel"), a company in which certain Directors and major shareholders of the Company have an interest together with Umatrac Enterprises Sdn Bhd ("Umatrac") and Konming Investments Limited ("Konming"), both subsidiaries of Amsteel ("Vendors A") of the other part for the disposal by Vendors A of 224,540,882 ordinary shares of RM1.00 each representing 50.45% equity interest in Lion Land Berhad^(a) ("LICB") to the Company for a consideration of RM260,467,423 to be satisfied by RM0.003 million cash, an issuance of RM220.11 million in net present value (RM413.32 million in nominal value) of Ringgit Malaysia denominated LCB bonds ("LCB Bonds") together with up to 13.94 million detachable new ordinary shares of RM1.00 each in LCB as equity kicker shares; and 40.36 new ordinary shares of RM1.00 each in LCB ("New LCB Shares") at an issue price of RM1.00 each and that Vendors A shall resolve or cause to be resolved all the issues affecting the joint-venture operations of the LICB Group in the People's Republic of China ("PRC") upon the terms therein contained.
- 2) Conditional Share Sale Agreement dated 5 July 2000, First Supplemental Agreement dated 19 October 2000 and Second Supplemental Agreement dated 8 October 2001, Third Supplemental Agreement dated 26 March 2002, Fourth Supplemental Agreement dated 3 September 2002 and Fifth Supplemental Agreement dated 7 January 2003 between the Company, Limpahjaya Sdn Bhd ("Limpahjaya"), Amsteel, Umatrac and Posim Berhad^(b), a company wherein certain Directors and major shareholders of the Company have an interest ("Vendors B") of the one part and Angkasa Marketing Berhad^(c) ("SCB"), a company wherein certain Directors and major shareholders of the Company have an interest of the other part for the disposal of 119,653,758 ordinary shares of RM1.00 each representing 58.69% equity interest in Silverstone Berhad to SCB by Vendors B for a consideration of RM150,055,564 to be satisfied by (i) the issuance of 8,967,491 new ordinary shares of RM1.00 each in SCB at RM1.05 per SCB share to LCB and the balance of RM6,280,417 be set off against inter-company balance owing from LCB and its subsidiary and associated companies to SCB; and (ii) the issuance of 127,446,935 new ordinary shares of RM1.00 each in SCB at RM1.05 per SCB share; and that SCB shall resolve or cause to be resolved all the issues affecting the joint-venture operations of the SCB Group in the PRC upon the terms therein contained.
- 3) Conditional Share Sale Agreement dated 5 July 2000, First Supplemental Agreement dated 19 October 2000, Second Supplemental Agreement dated 8 October 2001, Third Supplemental Agreement dated 26 March 2002, Fourth Supplemental Agreement dated 8 July 2002 and Fifth Supplemental Agreement dated 7 January 2003 between Limpahjaya and Akurjaya Sdn Bhd ("Akurjaya"), a subsidiary of Amsteel, for the acquisition by Limpahjaya of 240,000,000 ordinary shares of RM1.00 each in the capital of Megasteel Sdn Bhd ("Megasteel") from Akurjaya, to include Amsteel and Crystavel Sdn Bhd ("Crystavel") a subsidiary of Amsteel, as co-vendors and the additional disposal of 49,000,000 Preference "D" Shares of RM0.01 each by Crystavel and 26,670,000 Preference "F" Shares of RM0.01 each by Amsteel, both in Megasteel to Limpahjaya for a consideration forming part of the total consideration of RM1,007,921,816 to be satisfied by RM0.01 million cash; an issuance of RM851.72 million in net present value (RM1,599.41 million in nominal amount) of LCB Bonds together with up to 53.93 million detachable New LCB as equity kicker shares; and 156.19 million New LCB Shares at an issue price of RM1.00 each.
- 4) Conditional Share Sale Agreement dated 5 July 2000, First Supplemental Agreement dated 8 October 2001 and Second Supplemental Agreement dated 7 January 2003 between the Company and Umatrac for the disposal of 135,000 ordinary shares of RM1.00 each representing 13.5% equity interest in Hiap Joo Chong Realty Sdn Bhd for a consideration of RM1,825,200 to be satisfied by netting-off against inter-company balances owing by the Group to the Amsteel Group.
- 5) Conditional Share Sale Agreement dated 5 July 2000 and First Supplemental Agreement dated 19 October 2000, Second Supplemental Agreement dated 26 March 2002, Third Supplemental Agreement dated 11 October 2002 between the Company and Lembaga Tabung Angkatan Tentera ("LTAT"), a major shareholder of the Company as defined in the Listing Requirements of the Kuala Lumpur Stock Exchange, for the disposal of 47,274,317 ordinary shares of RM1.00 each in LICB ("LICB Shares") in exchange for 40,135,777 ordinary shares of RM1.00 each in Amsteel ("Amsteel Shares") owned by LTAT based on the exchange ratio of 1.17785978 LICB share for 1 Amsteel share with all rights attached to it including the entitlement to renounceable rights issue of warrants at the issue price of 10 sen per warrant, on the basis of 1 warrant for every 4 shares held at a date to be determined.

- 6) Conditional Share Sale Agreement dated 5 July 2000, First Supplemental Agreement dated 19 October 2000, Second Supplemental Agreement dated 8 October 2001, Third Supplemental Agreement dated 26 March 2002, Fourth Supplemental Agreement dated 3 September 2002 and Fifth Supplemental Agreement dated 7 January 2003 between Horizon Towers Sdn Bhd, Amanvest (M) Sdn Bhd, Lion Holdings Sdn Bhd, Araniaga Holdings Sdn Bhd, Finlink Holdings Sdn Bhd, Happyvest (M) Sdn Bhd, Panoron Sdn Bhd, Teck Bee Mining Sdn Bhd, Tirta Enterprise Sdn Bhd, William Cheng Sdn Bhd, Ceemax Electronics Sdn Bhd, Lancaster Trading Company Limited and Lion Holdings Pte Ltd, all of which are companies wherein certain Directors and major shareholders of the Company have an interest, of the one part and the Company on the other part, for the acquisition by the Company of 416,339,409 Amsteel Shares for a consideration of RM416,339,409 to be satisfied by an issuance of 396,508,009 New LCB Shares at an issue price of RM1.05 each. The Amsteel Shares to be acquired are with all rights attached to it including the entitlement to renounceable rights issue of warrants at the issue price of 10 sen per warrant, on the basis of 1 warrant for every 4 shares held at a date to be determined.
- 7) Conditional Share Sale Agreement dated 5 July 2000, First Supplemental Agreement dated 19 October 2000 and Second Supplemental Agreement dated 8 October 2001, Third Supplemental Agreement dated 3 September 2002 and Fourth Supplemental Agreement dated 7 January 2003 between Jelajah Jaya Sdn Bhd, Bayview Properties Sdn Bhd, Lion Development (Penang) Sdn Bhd, Lion Management Sdn Bhd, Narajaya Sdn Bhd, Trillionvest Sdn Bhd, all of which are companies wherein certain Directors and major shareholders of the Company have an interest and TSWC of the one part ("Vendor C") and the Company of the other part for the acquisition of 2,927,572 Amsteel shares for a consideration of RM2,927,572 to be satisfied by the issuance of 2,788,163 New LCB Shares at an issue price of RM1.05 per share. The Amsteel Shares are to be acquired with all rights attached to it including the entitlement to renounceable rights issue of warrants at the issue price of 10 sen per warrant, on the basis of 1 warrant for every 4 shares held at a date to be determined.

Notes:

- (a) Lion Land Berhad changed its name to Lion Industries Corporation Berhad on 18 February 2003
- (b) Posim Berhad changed its name to Lion Forest Industries Berhad on 20 May 2003
- (c) Angkasa Marketing Berhad changed its name to Silverstone Corporation Berhad on 18 February 2003

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2003

Location	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/Age of Building (Year)	Present Capital Value RM'000	Date of Acquisition/ Valuation
Lot 4, Solok Waja 3 Kawasan Perindustrian Bukit Raja, Klang Selangor - HS(D) 24275 PT. No.3499 Mukim Bukit Raja Daerah Klang, Selangor	Leasehold 22.10.2088	24,281 sq metres	Industrial land and building	Factory, office & warehouse 20	4,635	15.08.1983
WTT 144 GPO 889 SEDCO Industrial Estate Mile 5 ¹ / ₂ , Jalan Tuaran Inanam, Kota Kinabalu - CL015379790 Mile 5, Tuaran Road Daerah Kota Kinabalu Sabah	Leasehold 31.12.2034	50,600 sq metres	Industrial land and building	Factory 28	3,720	1977
Lockbag 36, 88993 SEDCO Industrial Estate Mile 5 ¹ / ₂ , Jalan Tuaran Inanam, Kota Kinabalu - CL015379772 Mile 5, Tuaran Road Daerah Kota Kinabalu Sabah	Leasehold 31.12.2034	6,236 sq metres	Industrial land and building	Office cum Workshop 28	1,808	1979
TB 162 Jalan Habib Hussein Tawau - TL0107504816 Daerah Tawau Sabah	Leasehold 17.9.2056	477.8 sq metres	Industrial land and building	Office cum Showroom 35	519	17.04.1995
Block G, Lot No 2 Sri Kemajuan Industrial Estate Inanam, Kota Kinabalu - CL015449680 Inanam Daerah Kota Kinabalu Sabah	Leasehold 31.12.2043	278.6 sq metres	Industrial land and building	Office 18	277	22.05.1985
Block B, Lot No 1 6 ¹ / ₂ Miles, Jalan Tuaran Inanam, Kota Kinabalu - CL015449233 Inanam Daerah Kota Kinabalu Sabah	Leasehold 31.12.2043	116.1 sq metres	Industrial land and building	Office 18	274	10.08.1985

LIST OF GROUP PROPERTIES (continued)

AS AT 30 JUNE 2003

Location	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/Age of Building (Year)	Present Capital Value RM'000	Date of Acquisition/ Valuation
Unit No-2-1-14B & 15 Level 1, Ground Floor Wawasan Plaza Kota Kinabalu Sabah	Leasehold 31.12.2096	332.5 sq metres	Shoplots	Office cum Showroom 5	3,070	02.02.1999
Lot 2319, 2321 & 2323A Mukim Tanjung Dua Belas Daerah Kuala Langat Selangor	Freehold	2,023,428.2 sq metres (500 acres)	Industrial land and building	Factory & Office 4	520,320	18.10.1995
Lot 999 & 1000 (Gr Flr) King's Park Commercial Centre, Miri Sarawak	Leasehold 06.06.2059	621 sq metres	Shophouse	Office Block cum Showroom 7	2,174	28.06.1999
Lot 1110, Plot 117 King's Park Commercial Centre, Miri Sarawak	Leasehold 06.06.2059	156.6 sq metres	Land	Vacant	545	22.06.1999
Lot 93 & 94 Teck Guan Ind. Shoplot Jalan Segama Lahad Datu Sabah	Leasehold 08.05.2933	390.2 sq metres	Shoplots	Office Block cum Showroom 4	749	15.12.1999
Lot 13, Kota Kinabalu Industrial Park Jalan Sepanggar Mengatal Kota Kinabalu Sabah	Leasehold	87,513 sq metres	Commercial Land	Vacant	6,668	06.07.2001

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 15 October 2003

Authorised Share Capital	:	RM2,000,000,000
Issued and Paid-up Capital	:	RM919,040,622
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 15 October 2003

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	50	1.15	1,640	0.01
100 - 1,000	1,443	33.22	928,564	0.10
1,001 - 10,000	2,192	50.46	7,363,226	0.80
10,001 - 100,000	448	10.31	14,020,437	1.52
100,001 - less than 5% of issued shares	207	4.77	377,734,865	41.10
5% and above of issued shares	4	0.09	518,991,890	56.47
	4,344	100.00	919,040,622	100.00

Thirty Largest Registered Shareholders as at 15 October 2003

Registered Shareholders	No. of Shares	% of Shares
1. RHB Merchant Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Amsteel Corporation Berhad	201,995,165	21.98
2. AMMB Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Horizon Towers Sdn Bhd (BK6/191-1)	197,462,999	21.49
3. Horizon Towers Sdn Bhd	61,714,972	6.72
4. Malaysia Nominees (Tempatan) Sendirian Berhad -Pledged Securities Account for Horizon Towers Sdn Bhd (01-00800-000)	57,818,754	6.29
5. PAB Nominee (Tempatan) Sdn Bhd -Affin Bank Berhad (Loan Recovery)	43,903,737	4.78
6. RHB Merchant Nominees (Tempatan) Sdn Bhd -RHB Sakura Merchant Bankers Berhad (CB)	30,842,694	3.36
7. RHB Capital Nominees (Tempatan) Sdn Bhd -RHB Bank Berhad (Account 1)	20,905,422	2.27
8. Mayban Nominees (Tempatan) Sdn Bhd -J.P. Morgan Chase Bank Berhad for Horizon Towers Sdn Bhd (230090)	15,418,335	1.68
9. UOBM Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Peringkat Prestasi (M) Sdn Bhd (T137-6110539213)	11,671,100	1.27
10. Malayan Banking Berhad	7,703,169	0.84
11. UOBM Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Horizon Towers Sdn Bhd (PCI)	7,638,477	0.83
12. Merchant Nominees (Tempatan) Sendirian Berhad -Pledged Securities Account for Amanvest (M) Sdn Bhd	7,407,654	0.81
13. RHB Merchant Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Umatrac Enterprises Sdn Bhd (ACB-A3)	7,252,560	0.79
14. Danaharta Managers (L) Ltd	6,817,723	0.74
15. Umatrac Enterprises Sdn Bhd	6,333,825	0.69

Thirty Largest Registered Shareholders as at 15 October 2003 (continued)

Registered Shareholders	No. of Shares	% of Shares
16. Merchant Nominees (Tempatan) Sendirian Berhad -Pledged Securities Account for Lion Holdings Sdn Bhd	6,221,487	0.68
17. EB Nominees (Tempatan) Sendirian Berhad -EON Bank Berhad	5,992,601	0.65
18. Mayban Securities Nominees (Asing) Sdn Bhd -Mayban Nominees (S) Pte Ltd for Umatrac Enterprises Sdn Bhd (MB 39A)	5,911,920	0.64
19. Southern Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Horizon Towers Sdn Bhd	5,606,966	0.61
20. Mayban Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Horizon Towers Sdn Bhd (41408430028B)	5,587,871	0.61
21. Mayban Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Horizon Towers Sdn Bhd (41435660121C)	5,462,773	0.59
22. Alliancegroup Nominees (Asing) Sdn Bhd -Bayerische Landesbank (Labuan Branch)	5,217,734	0.57
23. Amsec Nominees (Tempatan) Sdn Bhd -Arab-Malaysian Credit Berhad for Peringkat Prestasi (M) Sdn Bhd (0397)	5,208,000	0.57
24. HSBC Nominees (Tempatan) Sdn Bhd -BOA (M) Bhd for Amanvest (M) Sdn Bhd	5,123,118	0.56
25. Lion Holdings Sdn Bhd	4,883,795	0.53
26. Mayban Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Horizon Towers Sdn Bhd (41403980012D)	4,737,455	0.52
27. HDM Nominees (Tempatan) Sdn Bhd -P & O Capital Sdn Bhd for Exuniq Sdn Bhd	4,701,137	0.51
28. HSBC Nominees (Asing) Sdn Bhd -BOB (G) Ltd for Spinnaker Capital	4,549,170	0.49
29. Amsteel Equity Capital Sdn Bhd	4,110,540	0.45
30. Cartaban Nominees (Asing) Sdn Bhd -WestLB AG	4,003,923	0.44

Substantial Shareholders as at 15 October 2003

Substantial Shareholders	Direct Interest		Indirect Interest			
	No. of Shares	% of Shares	No. of Shares	% of Shares	No. of Warrants ⁽¹⁾	No. of Options ⁽²⁾
1. Tan Sri William H.J. Cheng	127,019	0.01	685,102,661	74.55	42,160,189	298,000
2. Datuk Cheng Yong Kim	194,250	0.02	437,451,993	47.60	-	-
3. Lion Realty Pte Ltd	-	-	436,191,573	47.46	-	-
4. Lion Development (Penang) Sdn Bhd	2,541,093	0.28	369,896,680	40.24	-	-
5. Horizon Towers Sdn Bhd	367,722,825	40.01	-	-	-	-
6. Amsteel Corporation Berhad	201,995,165	21.98	33,377,540	3.63	42,157,189	-

Directors' interest in shares in the Company and its related companies as at 15 October 2003

The Directors' interest in shares in the Company and its related companies as at 15 October 2003 are the same as that shown in the Directors' Report for the financial year ended 30 June 2003 except for the following:

In the Company	Direct Interest		Indirect Interest			
	No. of Shares	% of Shares	No. of Shares	% of Shares	No. of Warrants ⁽¹⁾	No. of Options ⁽²⁾
Tan Sri William H.J. Cheng	127,019	0.01	685,102,661	74.55	42,160,189	298,000

Notes:

- (1) Warrants with a right to subscribe for ordinary shares in the Company on the basis of one (1) new share for every one warrant held.
- (2) Options granted pursuant to the Company's Executive Share Option Scheme.

Distribution of Warrant Holdings as at 15 October 2003

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	1	0.06	50	0.01
100 - 1,000	380	21.36	377,950	0.41
1,001 - 10,000	1,031	57.95	4,662,100	5.10
10,001 - 100,000	304	17.09	9,702,000	10.61
100,001 - less than 5% of issued shares	60	3.37	18,366,336	20.10
5% and above of issued shares	3	0.17	58,272,314	63.77
	1,779	100.00	91,380,750	100.00

Thirty Largest Registered Warrant Holders as at 15 October 2003

Registered Warrant Holders	No. of Warrants	% of Warrants
1. Umatrac Enterprises Sdn Bhd	24,773,287	27.11
2. Amsteel Equity Capital Sdn Bhd	17,194,000	18.82
3. Exuniq Sdn Bhd	16,305,027	17.84
4. Botly Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Oh Kim Sun	1,475,000	1.61
5. Botly Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Wong Ah Tim @ Ong Ah Tin	1,300,000	1.42
6. Choong Moh Guan	900,000	0.98
7. Pacific & Orient Insurance Co Berhad	865,000	0.95
8. Silverstone Corporation Berhad	710,250	0.78
9. Chin Lih Lih	650,000	0.71
10. Universal Trustee (Malaysia) Berhad -CMS Premier Fund	600,000	0.66
11. Lee Sui Hee	500,000	0.55
12. RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Chai Meng Tut (CEB)	493,000	0.54
13. Lim Hock Jin	490,000	0.54
14. Rahmah binti Abdul Rahim	473,000	0.52
15. Angkasa Marketing (Singapore) Pte Ltd	368,625	0.40
16. Goh Seng Hoon	354,000	0.39
17. HDM Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Goh Ah Lek (MEMO3)	342,200	0.37
18. Libra Capital Markets Sendirian Berhad -Libra Asia Securities Limited	320,000	0.35
19. Southern Investment Bank Berhad -Kumpulan Wang Simpanan Pekerja for Ee Beng Wat (EP0169)	320,000	0.35
20. HDM Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Lee See Hok (MEMO3)	312,000	0.34
21. Citicorp Nominees (Tempatan) Sdn Bhd -CMS Dresdner Asset Management Sdn Bhd for Ali bin Md Dewa	300,000	0.33
22. Paul Chan Kok Po	300,000	0.33
23. Angelina Corrina Fernandez	294,000	0.32

Thirty Largest Registered Warrant Holders as at 15 October 2003 (continued)

Registered Warrant Holders	No. of Warrants	% of Warrants
24. Mayban Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Ng Sing Kian (11195AW0821)	292,000	0.32
25. RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Lai Chun Fong (CEB)	292,000	0.32
26. Chai Chang Luen	287,000	0.31
27. Libra Capital Markets Sendirian Berhad -Cheong Chen Yue	280,000	0.31
28. Botly Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Choong Foong Ming	263,000	0.29
29. Yap Kim Mui @ Sarah Margaret Yap	254,000	0.28
30. Hai Leng Enterprise Sdn Bhd	250,000	0.27

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM15,000.

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2003 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Steel related		
(i) The sale of hot rolled coils , steel bars, billets, scrap iron, gases and other related products such as steel bands, steel sheets and steel furniture etc.	Lion Industries Corporation Berhad ("LICB Group") ⁽¹⁾ Amalgamated Containers Berhad ("ACB Group") ⁽¹⁾ Lion Forest Industries Berhad ("LFIB Group") ⁽¹⁾ Silverstone Corporation Berhad ("SCB Group") ⁽¹⁾ Amsteel Corporation Berhad ("Amsteel Group") ⁽¹⁾ Sims Holdings Sdn Bhd Group ⁽¹⁾ Lembaga Tabung Angkatan Tentera Group ⁽²⁾	85,986 73,899 422 102 35 11,015 5,527 <u>176,986</u>
(ii) The purchase of hot briquetted iron, gases, scrap iron, lubricants, and other steel related products.	LICB Group ⁽¹⁾ ACB Group ⁽¹⁾ Amsteel Group ⁽¹⁾ Lion Holdings Pte Ltd ⁽³⁾	169,350 3,169 3,707 53,813 <u>230,039</u>
(iii) The purchase of machinery, spare parts, lubricants, tools and dies, insurance and other related products and services such as component parts, repair and maintenance.	Amsteel Group ⁽¹⁾ LFIB Group ⁽¹⁾ Ributasi Holdings Sdn Bhd Group ⁽¹⁾	2,407 553 191 <u>3,151</u>
(iv) The obtaining of marketing, distribution and transportation services.	Amsteel Group ⁽¹⁾	<u>8,429</u>
(v) The rental, water and electricity of office premises.	Amsteel Group ⁽¹⁾	<u>67</u>

(II) RECURRENT RELATED PARTY TRANSACTIONS (continued)

The aggregate value of transactions conducted during the financial year ended 30 June 2003 were as follows:
(continued)

Nature of Recurrent Transactions	Related Parties	Amount RM'000	
(b) Motor vehicles related transactions	(i) The sale of motor vehicles, component parts, assembly and services of motor vehicle.	SCB Group ⁽¹⁾	151
		LICB Group ⁽¹⁾	4
		LFIB Group ⁽¹⁾	44
			<u>199</u>
(ii) The purchase of motor vehicles, component parts of motor vehicles.	SCB Group ⁽¹⁾	<u>2,393</u>	
(iii) Rental of office premises.	LFIB Group ⁽¹⁾	9	
	SCB Group ⁽¹⁾	196	
		<u>205</u>	
(c) Others	(i) The provision of management and support and obtaining of training and educational and other related services such as healthcare and secretarial services.	Amsteel Group ⁽¹⁾	26
		SCB Group ⁽¹⁾	273
		ACB Group ⁽¹⁾	18
		LFIB Group ⁽¹⁾	19
		Lion Diversified Holdings Berhad Group ("LDHB") ⁽¹⁾	18
		LICB Group ⁽¹⁾	535
			<u>889</u>
(ii) The sale and purchase of office equipment, furniture, computers, other industrial and consumer products and services and rental of motor vehicles.	Amsteel Group ⁽¹⁾	692	
	Amble Bond Sdn Bhd Group ⁽¹⁾	26	
	LICB Group ⁽¹⁾	18	
		<u>736</u>	

Notes:

"Group" includes subsidiary and associated companies.

(1) Company in which certain Directors and major shareholders of the Company have an interest.

(2) Major shareholder of the Company as defined in the Listing Requirements of the Kuala Lumpur Stock Exchange.

(3) Company in which a Director of the Company have interest.

(III) EXPLANATION FOR PROFIT FORECAST VARIANCE

Explanation of variance between forecasted net profit pursuant to the Group Wide Restructuring Scheme (“GWRS”) as against the audited net profit for the financial year ended 30 June 2003:

	RM’000
Forecasted net profit for financial year ended 30 June 2003 pursuant to the GWRS (Circular to Shareholders dated 9 January 2003 (“Circular”))	196,958
(i) The result of Megasteel Sdn Bhd was lower due to the lower than expected market demand. Production was also affected by the shut down of the furnace for repair in February 2003 for more than one month. Increase in raw material prices, particularly scrap has further reduced margins	(82,554)
(ii) Provision for diminution in value of investment in associated companies and quoted investment	(36,227)
(iii) Lower share of associated companies results	(12,306)
(iv) Others	(10,194)
Audited net profit for the financial year ended 30 June 2003	55,677

(IV) STATUS OF CONDITIONS IMPOSED BY THE SECURITIES COMMISSION (“SC”)

The status of the various conditions imposed by the SC in its approval of the GWRS are as follows:

(a) Status of Compliance on Restructuring of Organisational and Financial Management System

Further to the recommendations put forth by PricewaterhouseCoopers Consulting Sdn Bhd (“PwC”) to strengthen the Group’s Organisational and Financial Management System, the Group had over the past two (2) years taken active steps to adopt the recommendations to enable the operations to be run efficiently and effectively. These steps include the recruitment of experienced and capable personnel to head the various public listed companies (“PLCs”) within the Lion Group as well as the streamlining of the management reporting system. All material recommendations by PwC as set out in the Circular have been complied with.

1. Organisation Structure

As proposed by PwC, the Lion Group’s organisation structure is currently segregated into three (3) distinct levels covering the structure at the overall Group Management level, PLC Management level and also the structure at the various Key Operating Companies (“KOCs”) level.

1.1 Group Management Structure

The Group Executive Chairman heads and oversees the Group’s functions and his primary duties include, amongst others, the setting of overall strategic and business directions for the Lion Group to ensure shareholders’ values are achieved and also to ensure that the objectives of the GWRS are met. In the discharge of his duties, he is supported by the various high level committee including the Group Investment Committee and the Group Management Committee. Members of these committees comprise Group Directors, Group Executive Directors and the Managing Directors of the PLCs. The post of Group Finance Director is currently overseen by a Group Executive Director.

1.2 Lion Corporation Berhad (“LCB”) Management Structure

The LCB management structure is headed by a well balanced and experienced Board of Directors. Reporting directly to the Board is the Managing Director who is accountable for the financial performance and profitability of LCB as well as the implementation of various strategic business plans and objectives of the LCB Group. Together with the Financial Controller, he is also responsible for overseeing the divestment plans of the LCB Group. The Chief Executive Officer (“CEO”) and General Managers of the various KOCs also report directly to him. The Board is also supported by the Audit Committee, the majority of whom are independent directors, as well as being assisted by the internal audit function.

(iv) **STATUS OF CONDITION IMPOSED BY THE SECURITIES COMMISSION (“SC”)(continued)**

(a) **Status of Compliance on Restructuring of Organisational and Financial Management System (continued)**

1.3 KOC Organisation Structure

Each KOC is headed by a CEO who is responsible for the operational and financial performance and profitability of the KOC. His team include the Financial Controller and also the heads of department for manufacturing, sales and marketing as well as management information system and human resources.

2. Financial Management

The recommendations from PwC to streamline the reporting processes for our China operations as well as to meet the stringent reporting requirements of the GWRS have largely been put in place via the enhancement in the reporting packages in terms of consistency and completeness. The management is also working closely with the Monitoring Accountants to ensure LCB’s financial performance is reported to lenders in a timely and comprehensive manner.

The LCB Group’s financial management system has been further strengthened following the establishment of the Corporate Risk Management framework which seeks to identify, evaluate, control and monitor various risk profiles faced by the Group.

(b) **Status of the Proposed Divestment Programme (“PDP”)**

(i) **Status of the assets to be divested**

Stages of the assets to be divested	PDP (Per GWRS)	Divestment concluded Total	(a)	(b)	(a) + (b)
			Proceeds received/to be received (Jan - Dec 2003)		
			Jan - Dec 2003	Projected for July - Dec 2003	Projected full year
	RM'million	RM'million	RM'million	RM'million	RM'million
By December 2003 Shares in listed and unlisted companies	33.3	-	-	33.3	33.3
By December 2004 Shares in unlisted company	38.6	-	-	-	-
	<u>71.9</u>	<u>-</u>	<u>-</u>	<u>33.3</u>	<u>33.3</u>

(ii) **Transactions completed during the financial year**

There were no transactions completed during the financial year.

(iii) **Plans to overcome any projected shortfall**

The Group is actively looking for potential buyers for its assets/companies under the PDP. Where necessary, the Group will divest other assets which are not under the PDP to redeem the LCB Bonds and the LCB Debts as scheduled. However, in the event that the Group is unable to effect the divestments, lenders consent will also be sought to enable the Group to reschedule its repayment of the LCB Bonds and the LCB Debts.

(c) (i) **Status of Issues Affecting the Joint Venture Companies of Amsteel Corporation Berhad (“Amsteel”) in the People’s Republic of China (“PRC”)**

No.	Issues	Joint-Venture Company (“JV Co.”)	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
1.	Retail enterprises to restructure the shareholding ratio between the joint venture parties and/or the term of operation and/or business scope as required by the State Council in the PRC	<p>Shanghai Nine Sea Parkson Co Ltd (Amsteel Group’s interest holding : 100%)*</p> <p>Mianyang Fulin Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 60%)</p> <p>Dalian Tianhe Parkson Shopping Centre Co Ltd (Amsteel Group’s equity holding : 60%)</p> <p>Wuxi Sanyang Parkson Co Ltd (Amsteel Group’s equity holding : 60%)</p> <p>Yangzhou Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 55%)</p>	<p>Submitted the application to maintain or restructure the shareholding ratio and/or the term of operation and/or business scope for approval as required on the following dates:</p> <p>December 2001</p> <p>7 December 2001</p> <p>26 December 2001</p> <p>20 November 2001</p> <p>25 December 2001</p>	<p>Approval from the relevant authorities had been obtained. Issue resolved.</p> <p>Approval from the relevant authorities had been obtained. Issue resolved.</p> <p>Approval from the Ministry of Foreign Trade and Economic Corporation for the restructuring was obtained on 28 July 2003. Pending procurement of business licence to complete restructuring.</p> <p>Approval from the relevant authorities had been obtained. Issue resolved.</p> <p>Approval from the relevant authorities had been obtained. Issue resolved.</p>

(c) (i) **Status of Issues Affecting the Joint Venture Companies of Amsteel Corporation Berhad (“Amsteel”) in the People’s Republic of China (“PRC”) (continued)**

No.	Issues	Joint-Venture Company (“JV Co.”)	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
1.		<p>Sichuan Hezheng Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 90%)</p> <p>Chongqing Wangyu Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 70%)</p> <p>Xian Lucky King Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 51%)</p>	<p>7 December 2001</p> <p>3 December 2001</p> <p>20 February 2002</p>	<p>Awaiting approval from the relevant authorities in the PRC for restructuring. The JV Co. will endeavour to obtain the approval by 30 June 2004.</p> <p>Awaiting approval from the relevant authorities in the PRC for restructuring. The JV Co. will endeavour to obtain the approval by 30 June 2004.</p> <p>Approval from the State Economic and Trade Commission was obtained on 14 February, 2003 and submission has been made to the Ministry of Foreign Trade and Economic Corporation on 8 May, 2003 for approval to amend the Joint Venture Agreement and the JV Co’s Articles of Association.</p>

(c) (i) **Status of Issues Affecting the Joint Venture Companies of Amsteel Corporation Berhad (“Amsteel”) in the People’s Republic of China (“PRC”) (continued)**

No.	Issues	Joint-Venture Company (“JV Co.”)	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
2.	Land Use Right(s) for land (“LUR”) to be transferred by the PRC Party to the JV Co. as PRC Party’s contribution to the capital of the JV Co. in accordance with the terms of the joint venture agreement	Xian Lucky King Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 51%)	The Management of Amsteel Group had liaised with the PRC Party, Li Feng (Xian) Real Estate Development Co Ltd (“LFXR”), to transfer the LUR of the land located at No. 119, Dong Da Jie, Bei Lin District, Xian, Shanxi Province, PRC to the JV Co.	The LUR certificate has been issued and the JV Co. is in the process of procuring the registration of the same in the JV Co’s name.
3.	Shortfall in capital to be contributed by the Amsteel Group	Mianyang Fulin Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 60%)	The Management of Amsteel Group is required to inject such amount to make up for the shortfall of Rmb2.19 million (equivalent to approximately RM1.00 million) (“Shortfall”).	The Amsteel Group has injected the payment for the Shortfall on 21 October, 2002. The JV Co. expects to procure the capital verification from the certified auditor by 31 December, 2003.

(c) (i) **Status of Issues Affecting the Joint Venture Companies of Amsteel Corporation Berhad (“Amsteel”) in the People’s Republic of China (“PRC”) (continued)**

No.	Issues	Joint-Venture Company (“JV Co.”)	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
4.	The PRC party has not obtained the LUR or Property Ownership Right(s) for building (“POR”) certificate in its favour for property leased by the PRC Party to the JV Co. or the lease of the LUR or POR to the JV Co. has not been registered with the relevant authorities in the PRC	<p>Mianyang Fulin Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 60%)</p> <p>Sichuan Hezheng Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 90%)</p>	<p>The Management of Amsteel Group had liaised with the PRC Party, Sichuan Mianyang Fulin Real Estate Development Co Ltd (“SMF”), to register the lease of building located at No. 17, An Chang Lu, Mianyang City, Sichuan Province, PRC.</p> <p>The Management of Amsteel Group had liaised with the PRC Party, Sichuan Hezheng Company Limited by Shares (“SHC”), to obtain the POR certificate for the building located at No. 31, Zong Fu Lu, Jinjiang District, Chengdu City, Sichuan Province, PRC, leased by the PRC Party to the JV Co.</p>	<p>The lease is expected to be registered by 30 June 2004. In the meantime, SMF has given its undertaking that it shall be responsible to register the lease and will indemnify the JV Co. against loss due to non-registration of the lease.</p> <p>SHC will endeavour to transfer the POR certificate in its favour by 30 June 2004. SHC has been requested by the Amsteel Group to issue a letter to state that the SHC shall compensate the Amsteel Group for any damages suffered in the event the SHC fails to procure the transfer.</p>

(c) (i) **Status of Issues Affecting the Joint Venture Companies of Amsteel Corporation Berhad (“Amsteel”) in the People’s Republic of China (“PRC”) (continued)**

No.	Issues	Joint-Venture Company (“JV Co.”)	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
4.t		Chongqing Wangyu Parkson Plaza Co Ltd (Amsteel Group’s equity holding : 70%)	The Management of Amsteel Group had liaised with the PRC Party, Chongqing Wangyu Economic Industry Development Corporation (“CWE”), to obtain the POR certificate in its favour for the building located at No. 77, Da Ping Changjiang Er Lu, Yuzhong District, Chongqing, PRC and leased by the PRC Party to the JV Co.	By a letter dated 8 March 2001, CWE agreed to compensate Amsteel Group if there is any damage arising from the non-transfer of the POR in its name. In addition, the parent company of CWE and owner of the building, authorised CWE to lease the building to the JV Co.
5.	The PRC Party borrowed Rmb17,803,000 from the JV Co. and as security, the PRC Party pledged its 40% equity interest in the JV Co. to Amsteel Group. The pledge has not been registered with the relevant authorities.	Dalian Tianhe Parkson Shopping Centre Co Ltd (Amsteel Group’s equity holding : 60%)	The Management of Amsteel Group had liaised with the management of JV Co. to take steps to register the pledge of the equity interest by the PRC Party, Dalian Tianhe Plaza Company Limited (“DTP”).	The repayment of the loan to the JV Co. by DTP has been further extended to 31 December 2003. The Management of the Amsteel Group is considering requesting DTP to provide other security in lieu of the pledge.

Notes:

- * The Amsteel Group contributed 100% of the registered capital of this co-operative joint-venture and is entitled to all the profit of the joint-venture after the joint-venture pays a guaranteed after-tax-profit of USD3,000,000 from the first year to the fourth year and a 4% annual increase over the USD3,000,000 starting from the fifth year.

(c) (ii) **Status of Issues Affecting the Joint Venture Companies of Lion Industries Corporation Berhad ("LICB") in the PRC**

No.	Issues	JV Co.	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
1.	The amount of JV Co.'s capital had exceeded the authorised limit of the provincial Ministry of Foreign Trade and Economic Commission ("MOFTEC") amounting to USD30 million (equivalent to approximately RM114 million) and any excess must be approved by the MOFTEC in Beijing, the PRC.	Tianjin Huali Motor Co Ltd ("THM") (LICB Group's equity holding : 25%)	THM's existing total investment is USD60.24 million (equivalent to approximately RM228.91 million). The Management of LICB Group had liaised with the PRC Party, Tianjin Auto Industry Corporation, that approval need to be sought by the JV Co. from MOFTEC in Beijing through the provincial MOFTEC for the excess of USD30.24 million (equivalent to approximately RM114.91 million).	The provincial MOFTEC had requested the JV Co. to rely on the letter of approval dated 11 September 1995 from the provincial MOFTEC, in that the capital of the JV Co. has been properly approved. It is the duty of the provincial MOFTEC to apply for endorsement from the MOFTEC in Beijing. The LICB Group expects to obtain the endorsement by 30 June 2004.

(c) (ii) **Status of Issues Affecting the Joint Venture Companies of Lion Industries Corporation Berhad (“LICB”) in the PRC (continued)**

No.	Issues	JV Co.	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
2.	Property Ownership Right(s) for building(s) (“POR”) to be transferred by the PRC Party to the JV Co. as PRC Party’s contribution to the capital of the JV Co. in accordance with the terms of joint venture agreement.	Hubei Zenith Heilen Pharmaceutical Co Ltd (LICB Group’s equity holding : 25%)	The Management of LICB Group had liaised with the PRC Party, Hubei Zhongtian Joint Stock Company (“HZJ”), that HZJ should apply to the relevant authorities for transfer of the POR for the building located at No. 132, YangWan Lu, Jingmen City, Hubei Province, PRC to the JV Co.	The Management of LICB Group is in the process of procuring HZJ to transfer the ownership of the POR to the JV Co. by 30 June 2004.
3.	The lease of the land by the PRC Party to the JV Co. has not been registered with the relevant authorities in the PRC.	Hubei Zenith Heilen Pharmaceutical Co Ltd (LICB Group’s equity holding : 25%)	The Management of LICB Group had liaised with HZJ to register the lease over the land located at No. 132, YangWan Lu, Jingmen City, Hubei Province, PRC with the relevant authorities.	The Management of LICB Group is in the process of procuring HZJ to obtain the approval for the lease by 30 June 2004.

(c) (iii) Status of Issues Affecting the Joint Venture Companies of Silverstone Corporation Berhad (“SCB”) in the PRC

No.	Issues	JV Co.	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
1.	LUR and POR to be transferred by the PRC Party to the JV Co. as PRC Party’s contribution to the capital of the JV Co., in accordance with the terms of the joint venture agreement.	<p>Hunan Changfa Automobile Engine Co Ltd (SCB Group’s equity holding : 50%)</p> <p>Nanjing Jinyi Casting Co Ltd (SCB Group’s equity holding : 60%)</p> <p>Wuhan Fortune Motor Co Ltd (“WFM”) (SCB Group’s equity holding : 50%)</p>	<p>The Management of the SCB Group had liaised with the PRC Parties to transfer the LUR and/or POR for the following land and/or building to the JV Co.:</p> <p>PRC Party: Changsha Auto Engine General Factory</p> <p>Building: No. 39, Shao Shan Lu, Dong Qu, Changsha, Hunan Province, PRC</p> <p>Land: Xian Jia Hu, He Xi, Changsha, Hunan Province, PRC</p> <p>PRC Party: Nanjing Jincheng Machinery Factory</p> <p>Building: No.38, Dong Tong Qiao, Bai Xia District, Nanjing City, Jingsu, Province, PRC</p> <p>PRC Party: Wuhan Fortune Industry Co Ltd</p>	<p>The PRC Parties are in the process of effecting the transfer of the LUR and/or POR to the JV Co. and will endeavour to complete the transfer by 30 June 2004.</p> <p>Issue resolved</p> <p>SCB had completed its disposal of WFM to Tri-Ring Group Co (“Tri Ring”) on 24.4.2003</p>

(c) (iii) Status of Issues Affecting the Joint Venture Companies of Silverstone Corporation Berhad (“SCB”) in the PRC (continued)

No.	Issues	JV Co.	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
1.		Dong Feng Lion Tyre Co Ltd (“Dong Feng”) (SCB Group’s equity holding : 55%)	<p>Building:-</p> <p>i) No. 209, Village 3, Zhoutou, Hanyang, Wuhan, Hubei Province, PRC</p> <p>ii) No. 818, Village 3, Linggang Road, QingShan, Wuhan, Hubei Province, PRC</p> <p>Land:-</p> <p>i) No. 209, Village 3, Zhoutou, Hanyang, Wuhan, Hubei Province, PRC</p> <p>ii) No. 818, Village 3, Linggang Road, QingShan, Wuhan, Hubei Province, PRC</p> <p>PRC Party: China Dong Feng Tyre Factory</p> <p>Building: No. 221, Hanjiang Road, Shiyan City, Hubei Province, PRC</p>	<p>Tri-Ring is aware of the Items of Concern affecting the operations of WFM.</p> <p>Dong Feng is seeking a letter of confirmation from the relevant authorities in the PRC to confirm that the POR belongs to Dong Feng. The letter of confirmation is expected to be received by the fourth quarter of 2003.</p>

(c) **(iii) Status of Issues Affecting the Joint Venture Companies of Silverstone Corporation Berhad ("SCB") in the PRC (continued)**

No.	Issues	JV Co.	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
2.	The amount of JV Co.'s capital had exceeded the authorised limit of the provincial MOFTEC amounting to USD30 million (equivalent to approximately RM114 million) and any excess must be approved by the MOFTEC in Beijing, the PRC.	Jiangxi Fuqi Motor Co Ltd ("JFM") (SCB Group's equity holding : 50%)	JFM's existing total investment is USD37.50 million (equivalent to approximately RM142.50 million). The Management of the SCB Group had liaised with the PRC Party, Jiangxi Fuqi Automobile Factory, to seek the approval for the reduction of JFM's capital by USD7.50 million (equivalent to approximately RM28.50 million) to USD30 million (equivalent to approximately RM114 million).	JFM will endeavour to resolve the Issue by 30 June 2004.

(c) (iii) **Status of Issues Affecting the Joint Venture Companies of Silverstone Corporation Berhad (“SCB”) in the PRC (continued)**

No.	Issues	JV Co.	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
2.		Dong Feng (SCB Group's equity holding : 55%)	Dong Feng's existing total investment is USD63.20 million (equivalent to approximately RM240.16 million). The Management of the SCB Group had liaised with Dong Feng to seek the approval of the MOFTEC in Beijing through the provincial MOFTEC for the excess of USD33.2 million (equivalent to approximately RM126.16 million).	The provincial MOFTEC had requested Dong Feng to rely on the letter of approval dated 4 December 1993 from the provincial MOFTEC, in that the capital of Dong Feng has been properly approved. It is the duty of the provincial MOFTEC to apply for endorsement from the MOFTEC in Beijing.

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FORM OF PROXY

I/We

I.C. No./Company No.

of

being a member/members of LION CORPORATION BERHAD, hereby appoint

.....

I.C. No.

of

or failing whom

I.C. No.

of

as my/our proxy to vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 4 December 2003 at 2.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve Directors' fees		
3. To re-elect as Director, Mr M Chareon Sae Tang @ Tan Whye Aun		
4. To re-elect as Director, Y. Bhg. Datuk Emam Mohd Haniff bin Emam Mohd Hussain		
5. To re-appoint as Director, Y. M. Raja Zainal Abidin bin Raja Haji Tachik		
6. To re-appoint as Director, Mr Folk Fong Shing @ Kok Fong Hing		
7. To re-appoint Auditors		
8. Authority to Directors to issue shares		
9. Proposed Shareholders' Mandate For Recurrent Related Party Transactions		

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 of2003

Signed

No. of shares

In the presence of.....

Representation at Meeting:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. 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.
- An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.
- The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Form of Proxy sent through facsimile transmission shall not be accepted.

