LION DIVERSIFIED HOLDINGS BERHAD ("LDHB" OR THE "COMPANY")

(I) PROPOSED JOINT VENTURE BETWEEN LDHB, LION INDUSTRIES CORPORATION BERHAD ("LICB") AND LION FOREST INDUSTRIES BERHAD ("LFIB") (COLLECTIVELY THE "PARTIES") IN LION BLAST FURNACE SDN BHD ("LBF") WITH THE SHAREHOLDING OF 51%, 29% AND 20% RESPECTIVELY ("PROPOSED JOINT VENTURE");

(II) PROPOSED ACQUISITIONS BY LBF OF VARIOUS PARCELS OF FREEHOLD LANDS ALL LOCATED IN MUKIM TANJUNG DUABELAS, DAERAH KUALA LANGAT, NEGERI SELANGOR DARUL EHSAN MEASURING APPROXIMATELY 147.76 ACRES FROM ANDALAS DEVELOPMENT SDN BHD ("ANDALAS"), CHE KIANG REALTY SDN BHD ("CHE KIANG") AND AMSTEEL MILLS SDN BHD ("AMSB") (A 99%-OWNED SUBSIDIARY OF LICB) FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM52.28 MILLION ("PROPOSED LAND ACQUISITIONS"); AND

(III) PROPOSED LEASING BY LBF OF THREE PARCELS OF CONTIGUOUS FREEHOLD VACANT LANDS ALL LOCATED IN MUKIM TANJUNG DUABELAS, DAERAH KUALA LANGAT, NEGERI SELANGOR DARUL EHSAN MEASURING APPROXIMATELY 202.89 ACRES FROM MEGASTEEL SDN BHD ("MEGASTEEL") FOR A LEASE TENURE OF THIRTY (30) YEARS ("PROPOSED LAND LEASING")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

Kenanga Investment Bank Berhad ("**KIBB**"), on behalf of the Board of Directors of LDHB ("**Board**"), wishes to announce that on 3 March 2011, the Company had entered into a conditional share subscription agreement ("**Subscription Agreement**") with LICB, LFIB and LBF for the Proposed Joint Venture whereby LDHB, LICB and LFIB shall invest 51%, 29% and 20% respectively, in LBF's enlarged issued and paid-up share capital ("**Agreed Proportion**") of up to RM970 million comprising up to 970 million ordinary shares of RM1.00 each ("**LBF Shares**").

Concurrently with the execution of the Subscription Agreement, the Parties had also entered into a conditional shareholders' agreement ("**Shareholders' Agreement**") for the purpose of, amongst others, to govern and regulate their relationship with each other under the Proposed Joint Venture and to record the terms and conditions of the Parties' relationship and participation as shareholders in LBF, the conduct of LBF's business and the management of LBF and its subsidiary ("**LBF Group**").

In conjunction with the Proposed Joint Venture, LBF had also on the same date, entered into the following agreements in relation to the Proposed Land Acquisitions:

(a) a conditional sale and purchase agreement with Andalas ("**Andalas SPA**") for the acquisition of various parcels of contiguous freehold vacant lands held under various land titles all located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan ("**Andalas Land**") measuring approximately 97.92 acres (approximately 4,265,395 square feet ("**sq ft**")) for a total cash consideration of RM32.00 million;

(b) a conditional sale and purchase agreement with Che Kiang ("**Che Kiang SPA**") for the acquisition of various parcels of contiguous freehold vacant lands held under various land titles all located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan ("**Che Kiang Land**") measuring approximately 8.48 acres (approximately 369,389 sq ft) for a total cash consideration of RM4.06 million; and

(c) a conditional sale and purchase agreement with AMSB ("**AMSB SPA**") for the acquisition of a parcel of freehold land being part of the land held under title no. H.S.(D) 13425 P.T. 17216 located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan ("**AMSB Land**") measuring approximately 41.36 acres (approximately 1,801,642 sq ft) for a total cash consideration of approximately RM16.22 million

(collectively referred to as the "**SPAs**").

In connection with the Proposed Joint Venture and the Proposed Land Acquisitions, LBF also proposes to undertake the Proposed Land Leasing by entering into a lease agreement with Megasteel for the leasing of three (3) parcels of contiguous freehold vacant lands held under title nos. H.S.(D) 13423 P.T. 17214, H.S.(D) 13424 P.T. 17215 and H.S.(D) 13422 P.T. 17213 all located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan measuring approximately 202.89 acres (approximately 8,837,888 sq ft) ("**Lease Agreement**") for a lease tenure of thirty (30) years.

For the purpose of this announcement, an exchange rate of USD1.00 : RM3.05 being the middle rate as at 28 February 2011, as published by Bank Negara Malaysia, has been assumed for the purpose of converting USD-denominated values to Ringgit-denominated values and vice versa, throughout this announcement, unless otherwise stated.

2. DETAILS OF THE BLAST FURNACE PROJECT AND THE PROPOSED JOINT VENTURE

Pursuant to the Proposed Joint Venture, the Parties shall, through the LBF Group undertake the Blast Furnace Project comprising the Iron-Making Facilities and Steel-Making Facilities (as defined herein) located in Banting, Selangor. The Iron-Making Facilities is designed with an inner volume of 2,580m^3 producing liquid hot metal of approximately 2.076 million metric tonnes per annum ("**MTPA**") of which up to 1.576 million MTPA liquid hot metal can be converted into slab under the Steel-Making Facilities for sale in the open market. The balance of liquid hot metal will be sold to Lion Steel Complex in Banting for the production of end-steel products.

The expected total costs for the Blast Furnace Project are as set out below:

	USD'mil	RM'mil
Proposed Capital Expenditure ("Capex")		
i) Blast Furnace Plant, Coke Oven Plant, Power Plant, Sinter Plant, Raw Material Yard with Material Supply System, Pellet Plant, Jetty and auxiliary facilities ("**Iron-Making Facilities**")	742.0	2,263.1
ii) Converter and Ladle Furnace, Slab Caster and auxiliary facilities ("**Steel-Making Facilities**")	188.0	573.4
Total Proposed Capex	930.0	2,836.5
Estimated Associated Cost (before commissioning of operation)	128.0	390.4
- including but not limited to fees and interest payable to financial institutions, purchase price for the Proposed Land Acquisitions and pre-operating expenses		
Total estimated costs for the Blast Furnace Project	**1,058.0**	**3,226.9**

The Blast Furnace Project is currently under construction and is approximately 17% completed with the remaining portion is expected to be completed within eighteen (18) months from the completion date of the Initial Subscription (as defined herein). As at 31 December 2010, LDHB had advanced to LBF approximately USD122 million (equivalent to approximately RM373 million) of which USD120 million (equivalent to approximately RM365 million) was utilised for the purpose of paying the contractors under the Proposed Capex ("**LDHB Advances**") and the balance of the shareholders' advances of approximately USD2 million (equivalent to approximately RM7 million) was utilised by LBF for its operating expenses. Until the completion of the Initial Subscription, the LDHB Advances could increase as and when required by LBF

The Ministry of International Trade and Industry ("**MITI**") had vide its letter dated 5 November 2007, granted pioneer status with 15 years tax holiday to LBF and on 25 January 2008, MITI granted a manufacturing licence to LBF in respect of the products to be produced under the Blast Furnace Project. In addition, the Department of Environment ("**DOE**") under the Ministry of Natural Resources and Environment has approved the Report on Detailed Environmental Impact Assessment (save for the Steel-Making Facilities which is currently pending approval from DOE) vide its letters dated 29 May 2007 and 11 February 2011.

Pursuant to the terms of the Subscription Agreement, the Parties have agreed that the required enlarged issued and paid-up share capital of LBF shall be the amount in RM which shall not exceed the equivalent of USD318 million or such other amounts as the Parties may mutually agree (**"Agreed Capital"**). The amount in RM required to be contributed by each of the Parties shall be based on the exchange rate at the relevant point in time. For illustration purposes and based on an assumed exchange rate of USD1.00 to RM3.05, the issued and paid-up share capital of LBF shall be increased from the existing RM20 million to up to approximately RM970 million.

The total estimated costs for the Blast Furnace Project of approximately USD1,058 million (equivalent to approximately RM3,227 million) shall be funded as follows:

i) Capital funding

The Agreed Capital shall be subscribed by LDHB, LICB and LFIB for up to approximately USD162.2 million (equivalent to approximately RM494.7 million), USD92.2 million (equivalent to approximately RM281.3 million) and USD63.6 million (equivalent to approximately RM194.0 million) respectively, within eighteen (18) months from the date of completion of the Initial Subscription or such other period as may be agreed between the Parties, in the following manner:

a) LDHB shall subscribe in cash (including the existing issued and paid-up share capital of RM20 million and capitalisation of the LDHB Advances) for up to 494.7 million LBF Shares at par for a total subscription value of up to RM494.7 million, representing 51% of the Agreed Capital;

b) LICB shall subscribe in cash for up to 281.3 million new LBF Shares at par for a total subscription value of up to RM281.3 million, representing 29% of the Agreed Capital; and

c) LFIB shall subscribe in cash for up to 194.0 million new LBF Shares at par for a total subscription value of up to RM194.0 million, representing 20% of the Agreed Capital.

In order to facilitate the increase in LBF's share capital up to the Agreed Capital, LBF shall increase its authorised share capital from RM25 million comprising 25 million LBF Shares to RM1.5 billion comprising 1.5 billion LBF Shares.

ii) Loan Facility

The balance of approximately USD740 million (equivalent to approximately RM2,257 million) shall be financed through borrowings ("**Loan Facility**"). The LBF Group is currently in the advanced stage of discussion with financial institutions to secure the Loan Facility.

Under the indicative terms of the Loan Facility, the securities to be provided shall include, amongst others, a first charge over the shares of the LBF Group, the assets of the Blast Furnace Project and corporate guarantees from the Parties in accordance with their respective portion of the Agreed Proportion ("**Proportionate Corporate Guarantee**").

LDHB is also required to create a second charge over its 100% equity interest in Lion DRI Sdn Bhd to secure the Proportionate Corporate Guarantee, which is subject to its lender's approval.

The breakdown of the Proportionate Corporate Guarantee taking into account the Loan Facility's interest portion is as follows:

Shareholders in LBF	**Shareholding in LBF**	**Proportionate Corporate Guarantee**					
		Principal		**Estimated Interest***		**Total**	
	%	**USD' million**	**RM' million**	**USD' million**	**RM' million**	**USD' million**	**RM' million**
LDHB	51	377	1,150	106	323	483	1,473
LICB	29	215	656	60	183	275	839
LFIB	20	148	451	41	125	189	576
Total	**100**	**740**	**2,257**	**207**	**631**	**947**	**2,888**

Note:

* *The estimated interest is computed based on an average interest rate of 5% per annum over a loan tenure of 9 years*

2.1 Salient terms and conditions of the Subscription Agreement

2.1.1 Subscription of shares in LBF under the Proposed Joint Venture

The Parties agree and undertake to subscribe for the new LBF Shares in accordance with the Agreed Proportion up to the Agreed Capital upon the terms and conditions of the Subscription Agreement.

Subject to the Subscription Agreement becoming unconditional, the subscription for the new LBF Shares shall be completed in two stages as described below:

i) Initial Subscription

In order for LBF to commence drawdown of the Loan Facility, the issued and paid-up share capital of LBF shall be USD151 million requiring an increase in the issued and paid-up capital from the existing RM20 million to the equivalent of RM461 million (equivalent to approximately USD151 million). The initial Agreed Capital of RM461 million (inclusive of LBF's current share capital of RM20 million) shall be subscribed by the Parties in the following manner ("**Initial Subscription**"):

a) LDHB shall capitalise the LDHB Advances for up to 365 million new LBF Shares at par for a subscription value of up to RM365 million ("**Debt Capitalisation**");

b) LICB shall subscribe in cash for up to 45 million new LBF Shares at par for a subscription value of up to RM45 million; and

c) LFIB shall subscribe in cash for up to 31 million new LBF Shares at par for a subscription value of up to RM31 million.

ii) Subsequent Subscriptions

The remaining Agreed Capital of approximately USD167 million (equivalent to approximately RM509 million) shall be subscribed by the Parties within a period of eighteen (18) months from the completion date of the Initial Subscription or such other period as may be agreed between the Parties, in the following manners ("**Subsequent Subscriptions**"):

a) LDHB shall subscribe in cash for up to 110 million new LBF Shares at par for a subscription value of up to RM110 million;

b) LICB shall subscribe in cash for up to 236 million new LBF Shares at par for a subscription value of up to RM236 million; and

c) LFIB shall subscribe in cash for up to 163 million new LBF Shares at par for a subscription value of up to RM163 million.

LDHB shall not be obliged to subscribe for new LBF Shares until the shareholding of the Parties have achieved the Agreed Proportion. Thereafter, any Subsequent Subscriptions shall be subscribed by the Parties in accordance with the Agreed Proportion. The Subsequent Subscriptions shall be completed as and when required on a staggered basis by LBF during the eighteen (18) months period based on the funding requirements to construct and commission the Blast Furnace Project.

2.1.2 Ranking of the new LBF Shares

The new LBF Shares to be allotted under the Proposed Joint Venture shall rank *pari passu* with all the then existing LBF Shares in issue at the date of allotment.

2.2 Basis of arriving at the subscription price

The subscription price for each new LBF Share is based on the par value of the LBF Shares, which is at RM1.00 each.

2.3 Source of funding

LDHB's portion of 51% of the Agreed Capital of up to USD162.2 million (equivalent to approximately RM494.7 million) shall be funded as follows:

a) the existing paid-up capital in LBF amounting to RM20 million;

b) the Debt Capitalisation (as described in Section 2.1.1(i)(a) of this announcement) amounting to approximately RM365 million; and

c) the balance of approximately RM110 million (as described in Section 2.1.1(ii)(a) of this announcement), from LDHB's internally generated funds.

2.4 Estimated additional financial commitment

Save as disclosed below, there are no additional financial commitment required from LDHB pursuant to the Proposed Joint Venture:

a) LDHB's portion of 51% of the Agreed Capital of up to USD162.2 million (equivalent to approximately RM494.7 million) (as described in Section 2(i)(a) of this announcement); and

b) LDHB's portion of the Proportionate Corporate Guarantee amounting to USD483 million (approximately RM1,473 million) (as described in Section 2(ii) of this announcement).

2.5 Liabilities to be assumed

Save for the Parties to the Proposed Joint Venture which are required to provide securities and the Proportionate Corporate Guarantee (as described in Section 2(ii) of this announcement), there are no other liabilities to be assumed by the Parties pursuant to the Proposed Joint Venture.

2.6 LDHB's costs and dates of investment in LBF

LDHB's costs and dates of investment in LBF are set out below:

Date of Investment/ Allotment	No. of LBF Shares	Original Costs of Investment RM
08.01.2008 (date of acquisition)	2	2
09.04.2008 (cash subscription)	19,999,998	19,999,998

The audited carrying investment cost of LBF by LDHB as at 30 June 2010 stood at approximately RM6 million. As at 31 December 2010, LDHB had advanced to LBF approximately USD122 million (equivalent to approximately RM373 million) of which USD120 million (equivalent to approximately RM365 million) was utilised for the purpose of paying the contractors under the Proposed Capex and is subject to the Debt Capitalisation and the balance of the shareholders' advances of approximately USD2 million (equivalent to approximately RM7 million) was utilised by LBF for its operating expenses.

2.7 Proposed utilisation of proceeds

As stated in Section 2 of this announcement, the proceeds raised from the share subscriptions by the Parties pursuant to the Proposed Joint Venture shall be fully utilised for the Blast Furnace Project within eighteen (18) months from the completion date of the Initial Subscription or such other period as may be agreed among the Parties.

2.8 Details of the Shareholders' Agreement

The Parties had also entered into the Shareholders' Agreement for the purpose of, amongst others, to govern and regulate their relationship with each other under the Proposed Joint Venture and to record the terms and conditions of the Parties' relationship and participation as shareholders in LBF, the conduct of LBF's business and the management of the LBF Group.

The salient terms of the Shareholders' Agreement are as follows:

2.8.1 Effective date of the Shareholders' Agreement

The Shareholders' Agreement shall be conditional upon the completion of the Initial Subscription (as described in Section 2.1.1 of this announcement). Upon the completion of the Initial Subscription, the Shareholders' Agreement shall become unconditional and the Parties shall comply with their obligations and be entitled to their rights under the Shareholders' Agreement.

In the event that the Subscription Agreement is rescinded, the Shareholders' Agreement shall automatically terminate and thereafter the Shareholders' Agreement shall cease to have any effect and become null and void and no Party shall have any claim or claims against the other Parties save and except for antecedent breach.

2.8.2 Share capital

The Parties agree to subscribe for the LBF Shares in accordance with the Subscription Agreement.

The Parties also agree that upon completion of the Subscription Agreement, the shareholding of LBF shall be maintained at all times in the Agreed Proportion or such other shareholding proportion as may subsequently vary in accordance with the terms of the Shareholders' Agreement.

2.8.3 Restrictions in dealing with the LBF Shares

The Parties shall not, directly or indirectly, sell, transfer, assign (by way of sale) or otherwise dispose of its shareholding in LBF (or part thereof) except:

(i) with the prior written consent of all the other shareholders in LBF provided that any transferee shall enter into a deed or other suitable documentation agreeing to be bound by all the terms of the Shareholders' Agreement; or

(ii) to transfer all or part of its shareholdings in LBF to one or more of its related corporation (as defined under Section 6 of the Companies Act, 1965 ("**Act**")); or

(iii) in accordance with the pre-emptive rights as set out in Section 2.8.4 of this announcement.

2.8.4 Pre-emptive rights

Any offer for sale of LBF Shares ("**Offer Shares**") by any of the Parties shall be offered first to the other shareholders of LBF (**"Purchasing Members"**) according to the ratio of each Purchasing Member's shareholding bears against the aggregate shareholdings of all Purchasing Members at a price per LBF Share ("**Offer Price**") proposed by the offering shareholder.

In the event that none of the Purchasing Members agree to purchase the Offer Shares within the prescribed period, the offering shareholder may offer the Offer Shares to any third party on a bona fide sale at any price not being less than the Offer Price subject to the provisions of the Shareholders' Agreement.

2.8.5 Board of Directors

LBF's Board of Directors ("**LBF Board**") shall consist of five (5) directors of whom:

(a) three (3) shall be nominated and appointed by LDHB;

(b) one (1) shall be nominated and appointed by LICB; and

(c) one (1) shall be nominated and appointed by LFIB;

The Chairman of the LBF Board shall be a director nominated and appointed by LDHB.

2.8.6 Funding obligations

The LBF Board will determine from time to time the capital expenditure and working capital requirements of the LBF Group.

Save for the subscription of LBF Shares by the Parties pursuant to the Subscription Agreement and the grant of the Loan Facility, any further capital expenditure and working capital requirements of the LBF Group shall be funded from internally generated funds and/or borrowings from banks or financial institutions and if security or guarantee is required, such security or guarantee shall be provided upon such terms acceptable to the Parties in accordance with the Agreed Proportion.

Where borrowings from the banks or financial institutions cannot be obtained, the Parties shall contribute towards such funding requirements by way of subscription of shares and/or shareholders' advances to LBF in accordance with the Agreed Proportion.

2.8.7 Rectification costs

To-date, LDHB has funded the Blast Furnace Project up to 17% completion stage. For the recommencement of the Blast Furnace Project, LBF may need to repackage, repair, service and/or rectify the existing assets, plant and equipment (collectively, the "**Rectification**") and it has been agreed that all such costs and expenses to be incurred for the Rectification shall be solely borne by LDHB without making any claims against LBF.

2.8.8 Reserved matters

The Shareholders' Agreement also contains reserved matters which shall require unanimous approval of the Parties prior to implementation.

2.9 Background Information

2.9.1 Information on LBF

LBF was incorporated in Malaysia under the Act as a private limited liability company on 9 May 2007 under the name of Apex Gem Sdn Bhd. LBF was acquired by LDHB on 8 January 2008 to undertake the Blast Furnace Project. LBF assumed its present name on 4 March 2008.

To-date, the authorised share capital of LBF is RM25,000,000 comprising 25,000,000 LBF Shares of which 20,000,000 LBF Shares have been issued and fully paid-up. LBF is currently a wholly-owned subsidiary of LDHB and the directors of LBF are Tan Sri William H.J. Cheng, Lee Whay Keong and Wang Wing Ying.

The key financial information of LBF for the past three (3) financial years since its date of incorporation and the latest unaudited six (6)-month financial period up to 31 December 2010 are set out below:

	<-------------------Audited-------------------		**-->**	**<--Unaudited-->**
	9 May 2007 (Date of incorporation) to 30 June 2008	**Financial Year Ended 30 June 2009**	**Financial Year Ended 30 June 2010**	**6-month Financial Period Ended 31 December 2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	-	-	-	-
Loss before taxation	(78)	(13,919)	(9,479)	(1,439)
Taxation credit	-	-	-	-
Loss after taxation	(78)	(13,919)	(9,479)	(1,439)
No. of shares	20,000	20,000	20,000	20,000
Net Assets ("**NA**") / (Liabilities)	19,922	6,003	(3,476)	(4,915)
NA per share (RM)	0.996	0.300	(0.174)	(0.246)
Net loss per share (sen)	(0.004)	(0.696)	(0.474)	(0.072)
Total borrowings	-	-	-	-
Gearing (times)	-	-	-	-

No revenue has been generated by LBF as business operations have yet to commence. The losses are attributable mainly to administrative expenses, depreciation, provisions for compensation claims and progress billings for the Blast Furnace Project up to its current stage of completion.

2.9.2 Information on LICB

LICB was incorporated in Malaysia on 17 March 1924 as Sungei Way Dredging Limited under the Companies Enactment, 1917. It changed its name to Sungei Way Dredging Berhad on 15 April 1966 and later to Supreme Corporation Berhad on 1 October 1976 and Lion Land Berhad on 21 October 1991. LICB was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad ("**Bursa Securities**")) on 29 December 1973 and adopted its current name on 18 February 2003.

The principal activities of LICB are investment holding and property development whilst the principal activities of its subsidiaries consist of manufacture and marketing of steel bars, wire rods, hot briquetted iron and steel related products, property development and management, construction works, manufacture and sale of tyres trading and distribution of building materials, investment holding, treasury business, manufacture and trading of lubricants and spark plugs, sale and distribution of motor vehicle and provision of transportation services.

To-date, the authorised share capital of LICB is RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each ("**LICB Shares**") of which 717,909,365 LICB Shares have been issued and fully paid-up.

The major shareholders of LICB are Tan Sri William H.J. Cheng, Tan Sri Cheng Yong Kim, Lion Realty Private Limited, Lion Development (Penang) Sdn Bhd, Horizon Towers Sdn Bhd, Lion Corporation Berhad, LDHB, Teraju Varia Sdn Bhd and Excel Step Investments Limited.

The directors of LICB are Tun Musa Hitam, Tan Sri Cheng Yong Kim, Tan Sri Asmat Bin Kamaludin, Dato' Kamaruddin @ Abas Bin Nordin, Cheng Yong Liang, Heah Sieu Lay and Chong Jee Min.

2.9.3 Information on LFIB

LFIB was incorporated in Malaysia under the Act on 8 March 1982 as a private limited liability company under the name of Posim Trading Co. Sdn Bhd. It then changed its name to Posim Sdn Bhd on 9 March 1991. It was converted to a public limited liability company under the name of Posim Berhad on 29 March 1991 and was subsequently listed on the Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 2 April 1992. LFIB assumed its present name on 20 May 2003.

Principal activities of LFIB are investment holding, trading and distribution of building materials, and trading of steel products. The principal activities of its subsidiaries and associated company are investment holding, trading, distribution and manufacturing of petroleum products, to include manufacture and sale of tyres, trading and distribution of building materials, consumer products, lubricants, spark plugs and automotive components, provision of energy management and conservation services, assembly and sale of commercial vehicles and provision of transportation services.

To-date, the authorised share capital of LFIB is RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each ("**LFIB Shares**") of which 231,571,732 LFIB Shares have been issued and fully paid-up.

The major shareholders of LFIB are Tan Sri William H.J. Cheng, Tan Sri Cheng Yong Kim, Lion Realty Private Limited, Lion Development (Penang) Sdn Bhd, Horizon Towers Sdn Bhd, Lion Corporation Berhad, LICB, AMSB, LLB Steel Industries Sdn Bhd, Steelcorp Sdn Bhd, LDHB, Excel Step Investments Limited, Teraju Varia Sdn Bhd and LLB Nominees Sdn Bhd.

The directors of LFIB are Tan Sri William H.J. Cheng, Chan Ho Wai, Dato' Dali Mahmud Hashim, Dato' Mohamad bin Haji Ahmad, Dato' Kalsom binti Abd. Rahman, Zainab binti Dato' Hj. Mohamed and Lin Chung Dien.

3. DETAILS OF THE PROPOSED LAND ACQUISITIONS

The Proposed Land Acquisitions involve the acquisition of the Andalas Land, the Che Kiang Land and the AMSB Land measuring a total of approximately 147.76 acres (collectively, the "**Lands**") by LBF from Andalas, Che Kiang and AMSB respectively (collectively referred to as the "**Vendors**") for a total cash consideration of approximately RM52.28 million ("**Purchase Price**").

3.1 Basis of determining the Purchase Price and Valuation

The Purchase Price was arrived at based on a willing buyer-willing seller basis after taking into consideration the market value of the Lands as appraised by Khong & Jaafar Sdn Bhd, an independent registered valuer, in their reports dated 10 February 2011 ("**Valuation Reports**").

The Lands were valued using the comparison method of valuation where the reference is made to market sale transactions as well as asking prices of similar properties in the neighbourhood. This approach estimates the value of the property by analysing market sales of similar properties and by making the necessary adjustments for dissimilarities (legal, economic and physical) between each comparable and the property under consideration.

Lands	**Vendors**	**Land Size (Acres)**	**Land Size (sq ft)**	**Market Value/ Purchase Price (RM)**
Andalas Land	Andalas	97.92	4,265,395	32,000,000
AMSB Land	AMSB	41.36	1,801,642	16,215,000
Che Kiang Land	Che Kiang	8.48	369,389	4,060,000
		147.76	**6,436,426**	**52,275,000**

3.2 Mode of payment of the Purchase Price

The Purchase Price shall be paid by LBF to the respective Vendors in the following manner:

(i) 10% of the Purchase Price to be paid to the Vendors, respectively within seven (7) business days from the unconditional date of the respective SPAs ("**First Payment**"); and

(ii) the balance 90% of the Purchase Price ("**Balance Payment**") to be paid to the Vendors, respectively on or before 30 September 2011 ("**Stop Date**"), shall be subject to payment of interest based on Malayan Banking Berhad's prevailing base lending rate plus one per cent (1%) per annum ("**Interest**") from the unconditional date of the respective SPAs up to payment date.

3.3 Information on the Lands

(a) Andalas Land and Che Kiang Land

Andalas is the registered proprietor and beneficial owner of the Andalas Land. As at the date of the Che Kiang SPA, Che Kiang is the beneficial owner of the Che Kiang Land whilst the registered proprietor of the Che Kiang Land is Andalas as the Che Kiang Land has not been transferred from Andalas to Che Kiang. Under the terms of the Che Kiang SPA, Che Kiang has declared, warranted and represented to LBF that it is the beneficial owner of the Che Kiang Land and that it shall procure Andalas to do such lawful acts and execute such lawful documents in respect of the legal ownership of the Che Kiang Land and the Realienated Land Title (as defined herein), as may be necessary, in order for Che Kiang to comply with its obligations, covenants and undertakings set out in the Che Kiang SPA.

The Andalas Land and the Che Kiang Land shall be realienated ("**Realienated Land**") and issued with one (1) individual document of title. Approval for surrender and re-alienation has been obtained from the Selangor State Authority vide a letter dated 9 April 2009 from the Pejabat Daerah/Tanah Kuala Langat ("**Surrender & Realienation**").

The premium and other charges imposed vide the Pejabat Daerah/Tanah Kuala Langat's letter dated 15 March 2010 in respect of the Surrender & Realienation has also been paid in full. The original land titles for the Andalas Land and the Che Kiang Land have been surrendered to the relevant land authority for the purpose of the Surrender & Realienation and the issuance of the individual document of title for the Realienated Land (the "**Realienated Land Title**").

Andalas and Che Kiang have also warranted and undertaken that they shall complete the Surrender & Realienation and procure the issuance of the Realienated Land Title at their own costs and to use their best endeavours to secure the issuance of the Realienated Land Title within twenty-four (24) months from the date of the Andalas SPA and the Che Kiang SPA or such period as agreed by LBF in writing.

(b) AMSB Land

AMSB is currently the existing registered proprietor and beneficial owner of all that piece of freehold land held under title no. H.S.(D) 13425 P.T. 17216, located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan measuring approximately 162.11 acres (approximately 7,061,527 sq ft) in which the AMSB Land is located within ("**Existing Land**").

Under the terms of the AMSB SPA, AMSB undertakes to apply for the subdivision of the AMSB Land from the Existing Land ("**Subdivision**") and to procure the issuance of a separate document of title for the AMSB Land at its own cost within twenty-four (24) months from the date of the AMSB SPA or such period as agreed by LBF in writing.

The salient terms and conditions of the SPAs are set out in Section 3.5 of this announcement.

The Lands are located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan and have been identified as the location for the Blast Furnace Project.

Further details of the Lands are set out in Appendix I of this announcement.

3.4 Liabilities to be assumed by LBF

The Lands shall be acquired free from all charges and encumbrances of whatsoever nature and on an "as-is-where-is" basis and subject to all conditions imposed on the Lands title, whether express or implied in the title documents of the Lands, at the Purchase Price and subject to and upon the terms and conditions contained in the SPAs.

Pursuant thereto, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by LBF arising from the Proposed Land Acquisitions.

3.5 Salient terms and conditions of the SPAs

The salient terms and conditions of the SPAs include, amongst others, the following:

3.5.1 Late payment mechanism

In the event the Balance Payment is not settled by the Stop Date, the Vendors shall have their sole discretion to grant an extension of another three (3) months, i.e. from 1 October 2011 to 31 December 2011 ("**Extended Balance Payment Period**") for LBF to settle the Balance Payment, subject to a late penalty interest of one percent (1%) per annum (which is in addition to the Interest) and if the Balance Payment is not settled by the expiry of Extended Balance Payment Period, the Vendors shall have their sole discretion to terminate the SPAs pursuant to the provisions of the SPAs and forfeit the First Payment.

3.5.2 Completion

The sale and purchase of the Lands shall complete on the date when LBF settles in full the Purchase Price and where applicable, the Interest and/or the late penalty interest (as described in Section 3.5.1 of this announcement).

3.5.3 Possession of the Lands

The Vendors shall deliver the possession of the Lands to LBF on the settlement date of the First Payment in order for LBF to commence construction of the Blast Furnace Project on the Lands.

3.5.4 Default by parties

(i) In the event LBF complies with its obligations in the SPAs but the respective Vendors fail to complete or to comply with the terms and conditions of the SPAs, LBF shall be entitled to:

(a) the remedy of specific performance against the Vendors and to all reliefs flowing therefrom; or

(b) terminate the SPAs by notice in writing whereupon the Vendors shall within ten (10) business days from the date of termination, refund to LBF the Purchase Price or such other part thereof paid by LBF in accordance with the provisions of the SPAs free of interest and the Vendors shall pay LBF a further sum of 10% of the Purchase Price as agreed compensation for breach of contract and as compensation for all losses and damages suffered by LBF.

(ii) In the event the Vendors comply with their obligations in the SPAs but LBF fails to complete or to comply with the terms and conditions of the SPAs, the Vendors shall be entitled to:

(a) the remedy of specific performance against LBF and to all reliefs flowing therefrom; or

(b) terminate the SPAs by notice in writing whereupon the Vendors shall be entitled to forfeit the First Payment as liquidated damages (**"Forfeited Sum"**). The Vendors shall within ten (10) business days of termination refund the Purchase Price less the Forfeited Sum free of interest.

3.6 Source of funding

The Purchase Price shall be entirely financed through the proceeds raised from the capital injection by the Parties pursuant to the Proposed Joint Venture.

3.7 Original costs and dates of investment

The original costs and dates of investment of the Lands by the Vendors and their latest audited net book value as at 30 June 2010 are as follows:

Vendors	Date of investment	Original cost of investment		Net Book Value (audited as at 30 June 2010)
		RM' million	RM per sq ft	RM' million
Andalas	7 June 1993	5.80	1.36	26.38
Che Kiang	23 June 2000	0.87	2.36	0.87
AMSB	1 August 2005	20.0	11.10	20.00

3.8 Background information on Vendors

3.8.1 Andalas

Andalas was incorporated in Malaysia under the Act on 3 July 1989 as a private limited liability company and is principally involved in property development. To-date, Andalas's authorised share capital is RM500,000 comprising of 500,000 ordinary shares of RM1.00 each ("**Andalas Shares**") of which 250,000 Andalas Shares have been issued and fully paid-up.

Andalas is a wholly-owned subsidiary of The Brooklands Selangor Rubber Company Limited, a company incorporated in England, which is wholly-owned by Amble Bond Sdn Bhd ("**Amble Bond**"). The directors of Andalas are Liew Choon Yick and Tan Cheng Yong.

3.8.2 Che Kiang

Che Kiang was incorporated in Malaysia under the Act on 14 November 1977 as a private limited liability company. Che Kiang is principally involved in property development. To-date, Che Kiang's authorised share capital is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each ("**Che Kiang Shares**") of which 2,500,000 Che Kiang Shares have been issued and fully paid-up.

Che Kiang is a wholly-owned subsidiary of Lion Teck Chiang Limited ("**LTC**"), a public limited liability company listed on the Singapore Stock Exchange Limited. The directors of Che Kiang are Cheng Yong Liang and Liew Choon Yick.

3.8.3 AMSB

AMSB was incorporated in Malaysia under the Act on 4 October 1980 as a private limited liability company under the name of Sabah Iron & Steel Company Sdn Bhd. It then changed its name to Sabah Gas Industries Sdn Bhd on 14 January 1982 and subsequently assumed its present name on 17 September 1994. AMSB is principally involved in the manufacturing and marketing of steel bars and wire rods.

To-date, AMSB's authorised share capital is RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each ("**AMSB Shares**") of which 671,900,000 AMSB Shares have been issued and fully paid-up. AMSB is a wholly-owned subsidiary of Steelcorp Sdn Bhd, which in turn is a 99% owned subsidiary of LICB.

The directors of AMSB are Tan Sri William H.J. Cheng, Cheng Theng How, Vijaya Kumar A/L P.V. Ramayah and Pang Fook Fah.

4. DETAILS OF THE PROPOSED LAND LEASING

LBF has identified three (3) parcels of contiguous freehold vacant lands held under title nos. H.S.(D) 13423 P.T. 17214, H.S.(D) 13424 P.T. 17215 and H.S.(D) 13422 P.T. 17213 all located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan measuring approximately 202.89 acres ("**Lease Lands**") to be leased by LBF ("**Lessee**") from Megasteel ("**Lessor**") for a lease tenure of thirty (30) years commencing from the execution date of the Lease Agreement in connection with the Proposed Land Leasing ("**Effective Date**").

4.1 Salient terms of the Lease Agreement

The terms and conditions of the Proposed Land Leasing have been finalised for execution and LBF proposes to execute the Lease Agreement and the supplemental agreement to the Lease Agreement in connection with the Rental Rebate (as described in Section 4.2 of this announcement) ("**Rebate Agreement**") upon meeting the conditions highlighted in Section 9 of this announcement. The salient terms and conditions of the Lease Agreement are as follows:

4.1.1 Grant of lease

In consideration of RM1.00 only paid by Lessee to the Lessor and in performance of the mutual covenants in the Lease Agreement, the Lessor will then demises unto the Lessee the Lease Lands to hold the same for an initial term of thirty (30) years commencing from the Effective Date with an option for:

(i) the renewal for a further period of thirty (30) years substantially upon the terms and conditions of the initial lease save for the monthly rental and the option to renew; or

(ii) the purchase of the Lease Lands at a price to be agreed upon expiry of the initial term.

4.1.2 Rental

The Lessee shall pay the Lessor the following monthly rental at the rate of RM0.07 per square foot per month ("**Monthly Rental**"), payable on monthly basis in advance:

No.	Leased Area	Total Lease Lands Area		Monthly Rental
		(acres)	(sq ft)	(RM)
1.	H.S.(D) 13423 P.T. 17214	96.50	4,203,540	294,247.80
2.	H.S.(D) 13424 P.T. 17215	86.09	3,750,080	262,505.60
3.	H.S.(D) 13422 P.T. 17213	20.30	884,268	61,898.60
		202.89	**8,837,888**	**618,652.00**

The Lessor shall have absolute discretion to review the monthly rental every three (3) years from the anniversary date of the Lease Agreement. The Lessor may revise the monthly rental after taking into account the prevailing market rates for other properties similar to the Lease Lands and the parties mutually agree that any revised rental shall not exceed ten percent (10%) of the monthly rental immediately preceding the date of review.

4.1.3 Use of Lease Lands

The use of the Lease Lands is subject to the category of land use expressed or implied binding on the Lease Lands and the Lessee shall be allowed to build and construct the Blast Furnace Project on the Lease Lands and to be engaged in business activities related to the Blast Furnace Project.

4.1.4 Plant ownership

LBF shall at all times remain as the beneficial and legal owner of the Blast Furnace Project (including its associated production equipment, fittings and fixtures, raw materials, semi and finished goods and all assets in relation thereto).

Whether or not the Blast Furnace Project is attached to the Lease Lands and regardless of its degree of annexation to the Lease Lands, the Blast Furnace Project shall not form part of the Lease Lands or be treated as fixtures to the Lease Lands and it shall belong to the Lessee absolutely.

4.1.5 Default by the Lessor and the Lessee

In the event the Lessee fails to pay the Monthly Rental or any other moneys to be paid pursuant to the Lease Agreement on the respective due dates or breaches any provisions on the part of the Lessee pursuant to the Lease Agreement, and fails to remedy such breach which are capable of remedy within thirty (30) days of a written notice from the Lessor, the Lessor have the option to claim for compensation or damages.

In the event the Lessor breaches any provisions on part of the Lessor pursuant to the Lease Agreement, the Lessee shall be entitled to claim against the Lessor for damages incurred by it as a result of such breach. For the avoidance of doubt, the Lessee's rights in relation to any such breach shall be limited to a claim for damages and it shall not be entitled to terminate the Lease Agreement.

4.1.6 Sale of Lease Lands

In the event the Lessor wishes to dispose of the Lease Lands during the lease term, the Lessor shall give a written notice of thirty (30) days to grant a first right of refusal to the Lessee to acquire the Lease Lands at the prevailing market price to be determined by an independent valuer. If Lessee declines to buy, the third party buyer shall observe all the terms of the lease.

4.1.7 Sale of the Blast Furnace Project

In the event the Lessee wishes to dispose of the Blast Furnace Project during the lease term, the Lessee shall give three (3) months written notice to the Lessor of the buyer of the Blast Furnace Project and the Lessor shall agree to the assignment of the Lease Agreement to the buyer provided always that the Lessee shall indemnify the Lessor from and against all costs, actions, stamp duties, claims and liabilities whatsoever against the Lessor arising from such assignment.

4.1.8 Other salient terms of the Lease Agreement

In the event upon enforcement by the lenders of the Lessor ("**Lessor's Lenders**") on the Lease Lands pursuant to the respective security documents, the Lessor (whether acting through itself, the Lessor's Lenders' security trustee ("**Megasteel Security Trustee**"), receiver and manager or liquidator for the Lessor, as the case may be) shall grant the Lessee an offer to purchase the Lease Lands. The Lessor (whether acting through itself, the Megasteel Security Trustee, receiver and manager or liquidator for the Lessor, as the case may be) shall give to the Lessee written notice of the said enforcement and offer to sell the Lease Lands at the prevailing market price to be determined by an independent valuer to be appointed by the Megasteel Security Trustee. In the event, the offer to purchase the Lease Lands is not accepted by the Lessee within thirty (30) days, the Lessee shall have six (6) months from the expiry of the said 30 days' written notice to remove all buildings, fittings and fixtures and vacate the Lease Lands and whereupon the Lease Agreement shall be deemed to have lapsed.

4.2 Basis of the rental

The monthly rental rate of RM0.07 per sq ft per month had been approved by the Lessor's RM-term loan lenders and USD-term loan lenders ("**Term Loan Lenders**") under the Lessor's approved and sanctioned scheme of arrangement in May 2008.

However, pursuant to the recent valuation conducted by the Khong & Jaafar Sdn Bhd, an independent valuer, in its report dated 10 February 2011 ("**Rental Value Report**"), Khong & Jaafar Sdn Bhd has ascribed the market rental rate for the Lease Lands to be RM0.04 per sq ft per month as at the date of inspection on 15 January 2011 ("**Market Rental Rate**").

In view of the divergent nature of the Monthly Rental and the Market Rental Rate, the Lessor shall vide a separate agreement with the Lessee, agree that it shall provide a cumulative rebate of the difference amounting to RM0.03 per square foot per month ("**Rental Rebate**") commencing from the Effective Date up to the full settlement of the term loans with its Term Loan Lenders ("**Settlement Date**").

The Rental Rebate shall be paid by one bullet payment together with interest at the rate of Malayan Banking Berhad's prevailing base lending rate plus one percent (1%) per annum from the Effective Date until the Settlement Date ("**Rebate Interest**"). In the event the Rental Rebate and the Rebate Interest is not paid in full within 5 market days from the Settlement Date, interest at the rate of Rebate Interest plus an additional one percent (1%) per annum shall be payable on the outstanding sum from the due date up to the date of full settlement. Under the terms of the Rental Rebate, the Lessee shall also be allowed to set-off the outstanding sum against future lease rental payable to the Lessor.

Forthwith from the Settlement Date, the parties shall revise the monthly rental for the Lease Lands to the prevailing market rates in accordance with the provisions for revision of Monthly Rental as described in Section 4.1.2 of this announcement.

4.3 Background information on Lessor

Megasteel was incorporated in Malaysia under the Act on 18 April 1989 as a private limited liability company. Megasteel is a 78.89% owned subsidiary of Limpahjaya Sdn Bhd, a wholly-owned subsidiary of Lion Corporation Berhad.

Megasteel's principal activity is manufacturing of Hot Rolled Coils ("**HRC**") and Cold Rolled Coils ("**CRC**") while its subsidiary, Secomex Manufacturing (M) Sdn Bhd is principally involved in the manufacturing and marketing of industrial gases. Megasteel is the first and only steel mill in Malaysia to produce flat steel products in the form of HRC. Megasteel's products are mainly sold in Malaysia with approximately 30% being exported.

To-date, Megasteel's authorised share capital is RM1.0 billion comprising 998.1333 million ordinary shares of RM1.00 each ("**Megasteel Shares**") and 186.67 million preference shares of RM0.01 each ("**Preference Shares**") of which 600.00 million Megasteel Shares and 186.67 million Preference Shares have been issued and fully paid-up.

The directors of Megasteel are Tan Sri William H.J. Cheng, Tan Sri Cheng Yong Kim, Wang Chung-Yu and Lee Chaing Huat.

5. RATIONALE FOR THE PROPOSALS

The Proposed Joint Venture is to facilitate the construction and commissioning of the Blast Furnace Project, comprising the Iron-Making Facilities and Steel-Making Facilities with a capability of producing liquid hot metal of approximately 2.076 million MTPA of which up to 1.576 million MTPA liquid hot metal can be converted into slab under the Steel-Making Facilities for sale in the open market. The balance of liquid hot metal will be sold to Lion Steel Complex in Banting for the production of end-steel products. The Blast Furnace Project will enable LBF to tap into the domestic and ASEAN slab market, thus positioning LBF as one of the largest blast furnace in the region. The Blast Furnace Project is expected to contribute positively to the future earnings of the LDHB Group.

The Proposed Land Acquisitions and the Proposed Land Leasing with a total land area of approximately 350.65 acres are required for the construction of the Blast Furnace Project.

6. PROSPECTS AND RISK FACTORS

6.1 Overview and Prospects of the Steel Industry

The Parties had jointly appointed Frost & Sullivan Malaysia Sdn Bhd to commission an independent market research report on the steel slab market in ASEAN (**"IMR Report"**). The following sets out some pertinent extracts from the IMR Report.

6.1.1 World Steel Consumption

World apparent steel consumption grew from 855 million MT in 2001 to 1,317 million MT in 2007 at a Compound Annual Growth Rate (**"CAGR"**) of approximately 7.5 percent. Growth in world consumption was underpinned by overall strong global demand, driven largely by economic growth and expansion of China and other emerging economies.

World apparent steel consumption in 2008 declined by 1.2 percent from 2007 to 1,301 million MT in 2008, as the economic slowdown which started in the US began spreading to other regions of the world. In 2009, world apparent steel consumption declined further by 13.8 percent to 1,121 million MT. As the global economy has since been on a recovery path, world apparent steel consumption was estimated to have risen by approximately 10.7 percent in 2010.

(Source: The IMR Report)

6.1.2 ASEAN Market Outlook on Steel Slabs

The general driver for growth in the consumption of slabs in ASEAN is driven by growth in end-user industries such as the electrical and electronics ("**E&E**"), construction and automotive sectors. The E&E sector comprises of telecommunication and data devices (e.g., mobile handsets, cellular base stations, notebook computers), consumer electronics (e.g., flat panel TVs, personal digital assistants), medical devices (e.g., drug delivery devices, surgical equipment, ultrasound equipment), and automotive system (e.g., navigation and safety systems, entertainment devices). Demand from these sectors is expected to increase steadily as consumer spending strengthens with the regional economic growth expected in Malaysia, Indonesia and Thailand over the next few decades.

In the construction sector, Malaysia's recently announced 10th Malaysia Plan 2011-2015 ("**10th MP**") has allocated about RM63 billion in construction projects to be constructed in the next five years. Thailand will be embarking on its 11th National Economic and Social Development Plan which will roll out between 2012 and 2016. Thailand is allocating budgets for several construction projects such as for the rail mass transportation system (e.g., THB400 million (RM40 million) for pre-construction assessment, THB1,953 million (RM193 million) for the construction of Yotha, the sky train's Blue Line from Hualampong-Bang Care and Bang Sue-Tha Phra) and the waterworks operations (e.g., THB1.1 trillion (RM116 billion)) to the Public Sector Operational 2011 fiscal budget under Provincial Waterworks Authority. Indonesia has also shown strong activity in the construction sector, especially with recent investments exceeding RM40.8 billion between 2004 and 2009.

The automotive sectors in Thailand and Indonesia are also expected to grow significantly due to their large and vibrant automotive industry.

The market outlook for slabs in ASEAN is expected to be positive as there is expected surplus demand for slabs in the ASEAN market even after taking into account of LBF's capacity. The expected surplus demand for slabs in the ASEAN market ranges from a high of 3.03 million MT in year 2011 to a low of 0.10 million MT in year 2015 when PT Krakatau Steel achieves full production capacity of 2.5 MTPA in year 2015. However, the average forecasted market potential for LBF taking into account the new producers' production is 2.93 MTPA, which exceeds LBF's maximum production capacity of 1.5 MTPA. In general, there is potential volume for slabs that would need to be imported into ASEAN to satisfy the apparent consumption in the region and that could potentially be satisfied by LBF.

(Source: The IMR Report)

6.1.3 ASEAN Apparent Steel Slabs Consumption

The apparent consumption of slab in the ASEAN region between 2004 and 2009 was recorded at 8.4 MTPA on average. The annual apparent consumption for steel slabs fluctuated between a high of 9.5 MTPA (recorded in 2005) and a low of 6.9 MTPA (recorded in 2009). The estimated annual apparent consumption in ASEAN following the recent global economic crisis is expected to be approximately 7.5 MTPA.

The relatively lower apparent consumption in 2009 is attributed to the global economic crisis which slowed down the demand for steel in the steel end-user sector. The CAGR between 2004 and 2009 was -0.37%. The average year-on-year growth between 2004 and 2009 was 1.2%.

Between 2004 and 2009, on average about 46.3% of slab apparent consumption in ASEAN was consumed by Thailand, followed by an average of 27.8% of consumption from Indonesia, and 24.0% of consumption from Malaysia. The Philippines only began consuming slabs from 2005 and the proportion of slab consumption in the Philippines compared to ASEAN was 1.9%. There was no slab consumption in Singapore and Vietnam in this period.

The slab consumption in Thailand ranged from a low of 3.0 MTPA and a high of 5.4 MTPA. The CAGR between 2004 and 2009 was 2.34%, rising from about 3.0 MTPA in 2004 to 3.4 MTPA in 2009. The average year-on-year growth rate in Thailand was 7.6% between 2004 and 2009. The slab consumption in Indonesia between 2004 and 2009 ranged from about 2.0 MTPA (recorded in 2009) to about 2.6 MTPA (recorded in 2008). The CAGR between 2004 and 2009 was about -1.2%. The year-on-year growth in Indonesia between 2004 and 2009 was about -0.5%.

The slab consumption in Malaysia ranged between a low of about 1.4 MTPA (recorded in 2009) and a high of about 2.6 MTPA (recorded in 2007), with a CAGR of -5.2% between 2004 and 2009, and an average year-on-year growth rate of -3.0%. Annual slab consumption in the Philippines ranged from a low of approximately 64,000 metric tonnes (recorded in 2009) and a maximum of about 320,000 metric tonnes (recorded in 2007), with a CAGR between 2005 and 2009 of -8.72%, and an average year-on-year growth rate of 29.5%.

(Source: The IMR Report)

6.2 Prospects of LBF

LBF is expected to commence its commercial operation in the financial year ending 30 June 2013. According to the IMR Report, the demand for slabs in ASEAN is being satisfied mainly by imports and the demand for slabs is likely to increase from an estimate of 7.45 million MT in year 2010 to an approximate of 12.81 million MT in year 2020. In view of the positive prospect in the slab market, the Blast Furnace Project upon its commissioning would be able to sell into a ready market that is experiencing increasing demand for slabs consumption which is currently being satisfied by imports of slabs into the ASEAN market.

Accordingly, LBF is expected to benefit from the projected growth of slab consumption in the region by leveraging on this growth as it is strategically located within the ASEAN region.

6.3. RISK FACTORS

The following risk factors (which may not be exhaustive) pertaining to the Proposals and the Blast Furnace Project should be noted and taken into consideration:

6.3.1 Investment Risks

There is no assurance that the anticipated benefits of the Blast Furnace Project may be realised or that it will be able to generate sufficient returns for the investment costs and any associated costs incurred by LBF. In the event LBF does not perform as expected, impairment on investment can be expected pending on the actual performance of LBF.

6.3.2 Completion Risk of the Proposals

Completion of the Proposals are conditional upon the Subscription Agreement, the Shareholders' Agreement, the SPAs and the execution of the Lease Agreement being satisfied which include, *inter alia,* the approval of the shareholders of the Parties, the execution and fulfillment or satisfaction of the conditions precedent (if any) of all the agreements and documents for the Loan Facility and approval/consent of the relevant authorities and/or parties, where applicable.

There is no assurance that the Proposals can be completed within the stipulated time period. In the event that approvals are not obtained within the stipulated time period or in the event any of the approvals shall contain terms, which are not acceptable to the parties to the Subscription Agreement and the SPAs, the parties may either mutually extend the stipulated period or terminate the said agreements.

6.3.3 Corporate Guarantee Risk

Under the indicative terms of the Loan Facility, the Parties to the Proposed Joint Venture shall be required to provide Proportionate Corporate Guarantees. LBF will endeavour to continuously monitor the progress of the Blast Furnace Project via the project management consultant which is overseeing the Blast Furnace Project. This is to ensure timely construction and smooth integration of the blast furnace components and to reduce the risk of project delays. LBF will also endeavour to meet its performance and obligations under the Loan Facility. However, there can be no assurance that if LBF's obligations under the Loan Facility are not observed or met, there will be no material impact to the financial position and performance of the LDHB Group.

6.3.4 Construction Risk

The Blast Furnace Project comprises the construction of blast furnace plant, pellet plant, coke oven plant, power plant, sinter plant, raw material yard with material supply systems, blower, converter and ladle furnace, slab caster and other auxiliary facilities.

Several contractors have been and shall be engaged by LBF to construct the Blast Furnace Plant based on their expertise and specialisation. However, there can be no assurance that the services rendered will always be satisfactory or match the targeted quality level on a timely manner. Further, there is a risk that should any contractors experience financial difficulties or other difficulties that may affect their ability to continue with the construction works, thus affecting the progress of completion.

Notwithstanding the above, steps have been taken by LBF to mitigate such risk by appointing a project management consultant to oversee the Blast Furnace Project as disclosed in Section 6.3.3 of this announcement.

6.3.5 Competition

LBF faces competition from various steel slab manufacturers and potential new entrants into the market.

Players in this market compete in terms of slab quality, pricing and timely delivery. Any overall decline in demand or increase in new entrants may exert a downward pressure on LBF's prices and affect its profit margins.

There is no assurance that the increased competition in the industry will not have any material impact on LBF's performance, or that LBF will be able to maintain its competitive edge and market share in the future.

6.3.6 Political, Economic, Governmental and Regulatory Considerations

Any adverse development in the political situation and economic uncertainties in Malaysia and other countries in which LBF conducts business, directly or indirectly, could materially and adversely affect the financial performance of LBF. These include risks of war, global economic downturn, unfavourable changes in government policy and regulations such as foreign exchange rates and currency exchange controls. There can be no assurance that any changes to these factors will not have any material adverse effect on LBF’s business.

LBF's business operations are subject to the laws and regulations of the jurisdiction where it operates such as MITI and Department of Environment. However, there is no assurance that future changes to the said laws, regulations, rulings, directions, policies and guidelines within and outside Malaysia will not affect the operation and performance of LBF.

6.3.7 Operational Risks

LBF’s revenue is dependent on the continuity of operation of its Iron-Making Facilities and Steel-Making Facilities. The operation of LBF involves certain risks, including but not limited to, breakdown, failure in the performance of its equipment, unexpected wear and tear or unexpected degradation, power failure and/or any interruption in its operations as a result of any failure to comply with all applicable laws, regulations and standards in Malaysia. Frequent or prolonged occurrence of any of the foregoing may have a material and adverse impact on LBF’s business, financial condition and the results of LBF’s operations.

6.3.8 Business Risk

The business and operations of LBF are subject to risks inherent in the manufacturing industry, such as increase in the cost of labour and equipment, changes in general economic, business, credit and interest rate conditions and changes in the legal and environmental framework within which the manufacturing industry operates.

Although LBF may undertake the necessary efforts to mitigate such risks and strengthen its competitiveness, any material adverse changes to the above factors may have an adverse effect on the business of LBF, which would in turn, affect its financial position. No assurance can be given that such material adverse changes will not occur.

6.3.9 Income Risk

LBF's income stream moves in tandem with its performance in terms of management and productivity, raw material price fluctuations and other economic factors. Any adverse changes due to its competitiveness and/or economic factors may have a material impact on the financial position and performance of LBF. No assurance can be given that such adverse changes will not occur.

6.3.10 Fluctuations in Raw Materials Price

Production costs for LBF may vary according to the fluctuation in the price of raw materials such as iron ore fines, iron ore concentrates, lump ore and alloy that can be affected by many factors beyond LBF's control, which amongst others, include the general state of the global economy, the level of industrial development worldwide, competition, industrial productivity levels, imposition of import duties/levies and foreign currency fluctuations.

There can be no assurance that any future fluctuation in the price of raw materials will not have material adverse impact on LBF's financial performance as such fluctuation will cause variation in LBF's production cost and profit margin. However, in the period of fluctuating prices, steel producers are able to adjust their selling price to level which will absorb the impact of the raw materials price fluctuation.

6.3.11 Credit Risk

There can be no assurance that LBF's gearing level will further improve in the future and that LBF's performance will remain favourable in the event of adverse changes in interest rates, the market conditions in the industry as well as of the general economy. In addition, credit risk is closely tied to the potential returns of LBF as LBF is expected to use future cash flows to repay all the credit facilities. There is no assurance that LBF's projected financial performance will not fall short of expectation which in turn may result in default in the credit facilities and loan repayment by LBF.

Further, credit risk may also be tied to the risk of payment default or prolonged delay in payment by LBF's customers. In this regard, LBF intends to impose stringent collection terms as a mitigating measure. This is to ensure that LBF's cash flow is properly managed and have sufficient cash to satisfy the repayment of credit facilities.

6.3.12 Dependence on Key Personnel

The success of the Blast Furnace Project and its continuity depends on the abilities and continuing efforts of the existing directors as well as key management and technical personnel. The loss of any of the directors, key management and/ or technical personnel may have an adverse impact on LBF's continuity and competitiveness in its industry.

As part of a mitigating measure, LBF will have a management retention and succession plan so as to ensure smooth running and continuity of LBF.

6.3.13 Foreign Exchange Risk

Weakening or strengthening of currencies in future may impact the profits and cash flows of LBF since LBF will be producing slabs for regional consumption. In RM terms, this may impact the cash inflows to be received by LBF in Malaysia, reducing the overall profit margin. Hence, there can be no assurance that fluctuations in the exchange rate will not adversely affect the financial position of LBF. However, LBF will continue to assess the need to utilise financial instruments to hedge its currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs.

7. EFFECTS OF THE PROPOSALS

7.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposals will not have any effect on the issued and paid-up share capital and the substantial shareholders' shareholdings in LDHB as the Proposals do not involve the issuance of new shares by LDHB.

7.2 Net Assets ("NA") and Gearing

On a proforma basis, the Proposals are not expected to have a material impact on the NA, NA per share of the LDHB Group based on the latest audited consolidated financial statements of LDHB as at 30 June 2010 and the gearing of the LDHB Group will increase from 0.43 times to 1.66 times.

7.3 Earnings and Earnings Per Share

The Proposals are not expected to have any material effect on the consolidated earnings and consolidated earnings per share of LDHB for the financial year ending 30 June 2011.

Nevertheless, barring any unforeseen circumstances, the Proposals are expected to contribute positively to the future earnings of LDHB and its joint venture partners.

8. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest aggregate percentage ratio applicable to the Proposed Joint Venture, the Proposed Land Acquisitions and the Proposed Land Leasing pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities (**"Listing Requirements"**) is 48.26%.

9. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSALS

9.1 The Subscription Agreement in respect of the Proposed Joint Venture is conditional upon the following:

(a) the approval of the shareholders of each of the Parties at their respective Extraordinary General Meetings ("**EGM**") to be convened;
(b) the execution and the fulfillment or satisfaction of the conditions precedent (if any) of all the agreements and documents for the Loan Facility, except for any conditions precedent in respect of or in relation to the Initial Subscription;
(c) the fulfillment or satisfaction of the conditions precedent in the SPAs, except for condition precedent set out in Section 9.2(a) below;
(d) the approval(s) of LDHB's shareholders and/or such other parties or relevant authorities as may be required for the execution of the Lease Agreement; and
(e) the approval(s) of any other relevant authorities and/or parties, where applicable.

9.2 The completion of the SPAs in respect of the Proposed Land Acquisitions is conditional upon the following:

(a) the Subscription Agreement and the Shareholders' Agreement being unconditional and the completion of the Initial Subscription as shall be confirmed in writing by LBF;
(b) the approval(s) of LDHB's shareholders and/or such other parties or relevant authorities as may be required for the execution of the Lease Agreement;

(c) the approval of LICB and LDHB's shareholders;
(d) the approval of the shareholders of the respective Vendors and LBF, if required;
(e) solely in respect of the AMSB SPA, the approval of the Subdivision and the payment by AMSB of the premium fees and costs in respect of the Subdivision; and
(f) the approval(s) of any other parties or relevant authorities as may be required.

The SPAs are inter-conditional upon each other.

9.3 The execution of the Lease Agreement and the Rebate Agreement under the terms and conditions of the Proposed Land Leasing will be made upon the following being obtained or fulfilled:

(a) the Subscription Agreement and the Shareholders' Agreement being unconditional and the completion of the Initial Subscription as shall be confirmed in writing by LBF;
(b) the SPAs being unconditional;
(c) the approval of LDHB's shareholders;
(d) the approval of the Lessor's shareholders, if required; and
(e) the approval(s) of such other parties or relevant authorities as may be required.

9.4 If any of the conditions precedent set out in the Subscription Agreement in respect of the Proposed Joint-Venture and the SPAs for the Proposed Land Acquisitions are not fulfilled or waived, as the case may be, within four (4) months from the date of the respective agreements, which dates shall be extended for a further two (2) months or such later date as may be mutually agreed by the Parties in writing, the said agreements shall be automatically rescinded.

9.5 The Proposed Joint Venture, the Proposed Land Acquisitions and the Proposed Land Leasing is inter-conditional upon each other.

10. TIMEFRAME FOR SUBMISSION TO AUTHORITIES

Application(s) to the relevant authorities in relation to the Proposals are expected to be made within three (3) months from the date of this announcement.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

11.1 Directors' Interests

(a) Proposed Joint Venture

The following Directors of LDHB do not consider themselves independent in respect of the Proposed Joint Venture by virtue of the following:

(i) Tan Sri William H.J. Cheng, the Chairman and a major shareholder of LDHB, is also a major shareholder of LICB and LFIB, and the Chairman of LFIB;

(ii) Tan Sri Cheng Yong Kim, the Managing Director and a major shareholder of LDHB, is also a major shareholder of LICB and LFIB, and the Managing Director of LICB; and

(iii) Heah Sieu Lay is also a director of LICB.

(b) Proposed Land Acquisitions

The following Directors of LDHB do not consider themselves independent in respect of the Andalas SPA and the Che Kiang SPA by virtue of the following:

(i) Tan Sri William H.J. Cheng has substantial interest in Amble Bond, the holding company of Andalas and hence, is deemed to have a substantial interest in Andalas. Further, he is also a substantial shareholder and a director of LTC, the holding company of Che Kiang and hence, is deemed to have a substantial interest in Che Kiang; and

(ii) Tan Sri Cheng Yong Kim together with his siblings Cheng Yong Kwang (who is also a director of Amble Bond) and Cheng Yong Liang, each has a substantial interest in Amble Bond. Further, he is also a substantial shareholder of LTC wherein his father, Cheng Theng Kee is the Chairman and a substantial shareholder whilst his sibling, Cheng Yong Liang is the Managing Director of LTC and a director of Che Kiang.

The following Directors of LDHB do not consider themselves independent in respect of the AMSB SPA by virtue of the following:

(i) Tan Sri William H.J. Cheng is a major shareholder of LICB and a director of AMSB, and is deemed to have a substantial interest in AMSB. Further, his sibling, Cheng Theng How is also a director of AMSB;

(ii) Tan Sri Cheng Yong Kim is a major shareholder and the Managing Director of LICB, and is deemed to have a substantial interest in AMSB; and

(iii) Heah Sieu Lay is a director of LICB.

(c) Proposed Land Leasing

The following Directors of LDHB do not consider themselves independent in respect of the Proposed Land Leasing by virtue of the following:

(i) Tan Sri William H.J. Cheng is a major shareholder, the Chairman and the Managing Director of Lion Corporation Berhad ("**LCB**"), the holding company of Megasteel, and the Chairman of Megasteel and hence, is deemed to have a substantial interest in Megasteel; and

(ii) Tan Sri Cheng Yong Kim is a major shareholder and a director of LCB, and is also a director of Megasteel and hence, is deemed to have a substantial interest in Megasteel.

(The Directors of LDHB who do not consider themselves independent in respect of the Proposals as described above shall hereinafter be collectively defined as the **"Interested Directors"**).

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

The Interested Directors have abstained and will continue to abstain from all Board deliberations and voting at the Board meetings in relation to the Proposals.

The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings in LDHB on the resolutions pertaining to the Proposals at the forthcoming EGM of LDHB.

In addition, the Interested Directors will undertake to ensure that persons connected with them who have interest in the shares of LDHB will abstain from voting in respect of their direct and/or indirect shareholdings in LDHB on the resolutions pertaining to the Proposals at the forthcoming EGM of LDHB.

11.2 Major shareholders' interest

LDHB is currently in the process of ascertaining the interest of the interested major shareholders of LDHB and/or persons connected with them in the Proposals. Such interest will be disclosed in the Circular to be issued to the shareholders of LDHB in due course.

12. OTHER TRANSACTIONS WITH THE RELATED PARTIES

Save for the Proposals and recurrent transactions of revenue and trading in nature, there were no other transaction entered into between the Company and LICB, LFIB, the LBF Group, the Vendors and Megasteel during the twelve (12) months preceding the date of this announcement.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company (save for the Interested Directors who is a member of the Audit Committee), after having considered all aspects of the Proposals (including but not limited to the rationale, financial effects, risks and valuation) and the preliminary evaluation of the Independent Adviser (as described below), is of the opinion that the Proposals are in the best interest of LDHB, fair, reasonable and on normal commercial terms, and are not detrimental to the interest of the minority shareholders of LDHB.

14. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), after having considered all aspects of the Proposals (including but not limited to the rationale, financial effects and valuation) and the preliminary evaluation of the Independent Adviser (as described below), is of the opinion that the Proposals are in the best interest of LDHB, fair, reasonable and on normal commercial terms, and are not detrimental to the interest of the minority shareholders of LDHB.

15. ADVISER

KIBB had been appointed by LDHB to act as the Adviser for the implementation of the Proposals.

16. INDEPENDENT ADVISER

In view of the interests set out in Section 11 of this announcement, the Proposals are deemed to be related party transactions pursuant to Paragraph 10.08 of the Listing Requirements. In this respect, the Board has appointed MIDF Amanah Investment Bank Berhad to act as the Independent Adviser for the Proposals to provide the non-interested directors and shareholders of LDHB with an independent evaluation:

(i) whether the Proposals are fair and reasonable so far as the shareholders are concerned;

(ii) whether the Proposals are to the detriment of the minority shareholders of LDHB; and

(iii) to advise the minority shareholders of LDHB on whether they should vote in favour of the resolutions in respect of the Proposals to be tabled at an EGM of LDHB to be convened.

17. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfillment of all conditions, the Proposals are expected to be unconditional by the second quarter of 2011 and be completed within eighteen (18) months thereafter pursuant to the terms of the Proposals.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The Subscription Agreement, the Shareholders' Agreement, the SPAs, the proposed Lease Agreement and Rebate Agreement, the Valuation Reports, the Rental Value Report and the IMR Report are available for inspection by the shareholders of LDHB at the registered office of the Company, Level 14, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours for a period of three (3) months from the date of this announcement.

This announcement is dated 3 March 2011.

Details of the Lands

The details of the Lands are as follows:

Land Details		Andalas Land	AMSB Land	Che Kiang Land
Title no.	:	As detailed in Appendix II	H.S.(D) 13425 PT 17216 [(2)]	As detailed in Appendix III
District / State	:	Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor		
Registered owner	:	Andalas	AMSB	Andalas [(3)]
Tenure	:	Freehold		
Total Land area	:	97.92 acres (4,265,395 sq ft)	41.36 acres (1,801,642 sq ft)	8.48 acres (369,389 sq ft)
Category of land use	:	"Perusahaan"		
Market Value [(1)]	:	RM32,000,000	RM16,215,000	RM4,060,000
Charges	:	The below charges have been created in favour of RHB Sakura Merchant Berhad ("**RHB**") as security trustee (1) National Land Code charge; and (2) Debenture cum assignment.	A National Land Code charge has been created in favour of AmTrustee Berhad as security agent (**"AmTrustee"**)	Nil

Notes:

(1) Based on the Valuation Reports.
(2) AMSB Land forms part of H.S.(D) 13425 PT 17216, details of which are set out above and subject to the Subdivision as set out under Section 3.3 (b) of this announcement.
(3) Che Kiang is the beneficial owner of the land. As at the date of this announcement, the said land has not been transferred from Andalas to Che Kiang. Further details are set out in Section 3.3 (a) of this announcement.

Andalas Land

Title number of the contiguous freehold lands measuring approximately 97.92 acres all in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan are as follows:

No	Lot	PT	HSD
1	22775	17148	13414
2	Part of 23057 (i.e. excluding Che Kiang Land)	17152	13179
3	23062	17149	13178
4	23064	17145	13175
5	23065	17146	13176
6	23066 to 23083	17016 to 17033	13050 to 13067
7	23084 to 23102	17052 to 17034	13086 to 13068
8	23103 to 23108	17053 to 17058	13087 to 13082
9	23109 to 23116	17070 to 17077	13104 to 13111
10	23118 to 23128	17059 to 17069	13093 to 13103
11	23129 to 23140	17089 to 17078	13123 to 13112
12	23141 to 23152	17090 to 17101	13124 to 13135
13	23153 to 23166	17115 to 17128	13149 to 13162
14	23168 to 23180	17102 to 17114	13136 to 13148
15	23181 to 23192	17140 to 17129	13174 to 13163
16	23197 to 23201	17157 to 17160	13180 to 13183

Che Kiang Land

Title number of the contiguous freehold lands measuring approximately 8.48 acres all in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan are as follows:

No.	Lot	PT	HSD
1	22778	17142	13413
2	23036 to 23045	16996 to 17005	13030 to 13030
3	23046 to 23055	17015 to 17006	13049 to 13040
4	23056	17147	13177
5	23194	17164	13186
6	23195	17163	13185
7	23200	17161	13184
8	Part of 23057 (i.e. excluding Andalas Land)	17152	13179