

MATERIAL CONTRACTS

INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

1. Conditional Share Sale Agreement dated 5 July 2000, First Supplemental Agreement dated 19 October 2000 and Second Supplemental Agreement dated 12 December 2000 between the Company of the one part and Amsteel Corporation Berhad ("Amsteel"), a company wherein a Director and certain major shareholders of the Company have an interest, Ayer Keroh Resort Sdn Bhd ("AKR"), Ambang Jaya Sdn Bhd, Umatrac Enterprises Sdn Bhd ("Umatrac") and Parkson Corporation Sdn Bhd ("Parkson") (collectively "LDHB Vendors"), all of which are subsidiaries of Amsteel, of the other part, and a Third Supplemental Agreement dated 8 October 2001, Fourth Supplemental Agreement dated 26 March 2002 and Fifth Supplemental Agreement dated 3 September 2002 between the Company, LDHB Vendors and Amsteel Mills Sdn Bhd ("Amsteel Mills"), a subsidiary of the Company, to include (i) Amsteel Mills as a co-purchaser and the disposal by the LDHB Vendors and the acquisition by the Company and Amsteel Mills of a total of 207,209,445 ordinary shares of RM0.50 each in Chocolate Products (Malaysia) Berhad^(a) ("LDHB"), representing 59.47% equity interest in LDHB in the proportion of 28% and 72% respectively for a consideration of RM201,501,369 to be satisfied by netting-off the existing balances owing by other company(ies) within the Lion Group to the Company's Scheme Companies or owing by the Company's Scheme Companies to other company(ies) within the Lion Group, which are proposed to be addressed under the proposed corporate restructuring exercise, proposed divestment programme and proposed debt restructuring exercise for the Group; and (ii) that the LDHB Vendors shall resolve or cause to be resolved all the issues affecting the joint-venture operations of the LDHB Group in the People's Republic of China and upon the terms therein contained.
2. Conditional Share Sale Agreement dated 19 October 2000, First Supplemental Agreement dated 8 October 2001, Second Supplemental Agreement dated 3 September 2002 and Third Supplemental Agreement dated 7 January 2003 between the Company and Akurjaya Sdn Bhd, a subsidiary of Amsteel, for the disposal by the Company of 3,418,860 ordinary shares of RM1.00 each representing 100% equity interest in Lion Plaza Sdn Bhd for a total consideration of RM35,661,000 to be satisfied by RM0.76 million cash and an issuance of RM34.90 million in net present value (RM53.52 million in nominal amount) of Amsteel bonds together with up to 1.48 million detachable new ordinary shares of RM1.00 each in Amsteel as equity kicker shares; and that Akurjaya shall resolve or cause to be resolved all the issues affecting the joint-venture operations of the Amsteel Group in the People's Republic of China and upon the terms therein contained.
3. Conditional Deferment Agreement dated 29 January 2003 made between the Company and Likom Computer System Sdn Bhd ("LCS"), a company wherein a major shareholder of the Company has an interest, with the consent of Likom Electronic Pte Ltd ("LEPL"), a company wherein a Director and certain major shareholders of the Company have an interest, which supercedes the Conditional Redemption Agreement dated 13 December 2000 and Supplemental Agreement dated 10 July 2001 both made between the Company, LCS and LEPL, whereby the Company and LCS agreed to defer the redemption date of the 43,613,000 5-year cumulative redeemable preference shares of RM0.01 each in LCS held by the Company from 28 June 2001 to 28 December 2003, subject to the terms and conditions therein contained.
4. Conditional Agreement dated 8 July 2002 between Lion Brewing Group Co Ltd ("Lion Brewing") and Consitrade (M) Sdn Bhd ("Consitrade"), both subsidiaries of LDHB which is in turn a subsidiary of the Company wherein a Director and certain major shareholders of the Company have an interest, and Jinkeda Group Co Ltd, a major shareholder of Lion Brewing and Consitrade, for the acquisition by Lion Brewing and Consitrade of 54.6% and 25% equity interest respectively in Jinhua Lion Brewery Co Ltd for a cash consideration of Rmb5.11 million (equivalent to approximately RM2.35 million) and Rmb2.34 million (equivalent to approximately RM1.07 million) respectively.
5. Conditional Sale and Purchase of Shares Agreement dated 6 September 2003 between the Amsteel Group Vendors (comprising Ambang Jaya Sdn Bhd ("Ambang Jaya"), Angkasa Marketing (Singapore) Pte Ltd ("AMS"), Natvest Parkson Sdn Bhd ("Natvest"), Sukhothai Food Sdn Bhd ("Sukhothai"), Timuriang Sdn Bhd ("Timuriang") and Parkson Retail Consulting And Management Sdn Bhd ("PRetail")) of the first part, LLB Nominees Sdn Bhd ("LLBN"), of the second part, Lion Asia Investment Pte Ltd ("LAI") of the third part, Amsteel of the fourth part, collectively companies wherein a Director and certain major shareholders of the Company have an interest, the Company of the fifth part, and LDHB, a company wherein a Director and certain major shareholders of the Company have an interest, of the sixth part for the acquisition by LDHB of:
 - a) 14,800,000 ordinary shares of SGD1.00 each representing 100% equity interest in Parkson Venture Pte Ltd from Natvest (20%), Sukhothai (18.2%), PRetail (11.8%), LLBN (20%) and LAI (30%);

- b) 10,000,000 ordinary shares of SGD1.00 each representing 100% equity interest in Parkson Investment Pte Ltd from Natvest (18%), Sukhothai (27%), PRetail (7%), LLBN (18%) and LAI (30%);
- c) 100 ordinary shares of SGD1.00 each representing 100% equity interest in Parkson Supplies Pte Ltd from Natvest (70%) and LAI (30%);
- d) 1,000,000 ordinary shares of SGD1.00 each representing 100% equity interest in Parkson Glomart Pte Ltd from Timuriang (70%) and LAI (30%);
- e) 2 ordinary shares of SGD1.00 each representing 100% equity interest in Parkson Pacific Pte Ltd from AMS;
- f) 50,000,002 ordinary shares of RM1.00 each representing 100% equity interest in Parkson Corporation Sdn Bhd from Timuriang;
- g) 500,000 ordinary shares of RM1.00 each representing 100% equity interest in Xtra Supercenter Sdn Bhd from Timuriang;
- h) 2 ordinary shares of RM1.00 each representing 100% equity interest in Serbadagang Holdings Sdn Bhd from Timuriang;
- i) 4,500,000 ordinary shares of SGD1.00 each representing 100% equity interest in Parkson Management Pte Ltd from Natvest (70%) and LAI (30%); and
- j) 2 ordinary shares of HKD1.00 each representing 100% equity interest in Exonbury Limited from Ambang Jaya (50% of the shares are held through Benavon Nominee Limited);

for a total consideration of RM431.82 million and the settlement of the net inter-company balances due by the target companies to the vendors totalling RM67.39 million to be satisfied by a cash consideration of RM399.21 million (of which RM150 million shall be paid on completion and RM249.21 million in deferred payment) and the issuance of RM100 million nominal value of 5-year 2% redeemable convertible unsecured loan stock by LDHB to Amsteel, LAI and LLBN.

6. Conditional Sale and Purchase of Shares Agreement dated 6 September 2003 between Ributasi Holdings Sdn Bhd, a company in which a Director and certain major shareholders of the Company have an interest, of the one part, and LDHB of the other part, for the acquisition by LDHB of 4,935,000 ordinary shares of RM1.00 each representing 100% equity interest in Likom Caseworks Sdn Bhd for a total consideration of RM105.7 million to be satisfied by the issuance of RM63.53 million nominal value of 5-year 2% coupon irredeemable convertible unsecured loan stocks ("LDHB ICULS") and RM42.17 million in value of new ordinary shares of RM0.50 each in LDHB ("New LDHB Shares") at RM0.86 per share.
7. Conditional Subscription Agreement dated 6 September 2003 between LDHB of the first part, Diverse Arcadia Sdn Bhd ("Diverse Arcadia") of the second part and LCS, a company wherein a Director and certain major shareholders of the Company have an interest, of the third part, to subscribe for 9,998 ordinary shares representing 99.98% equity interest in Diverse Arcadia for a total subscription sum of RM9,998 or RM1.00 per share and the assumption of all the obligations of Diverse Arcadia to pay LCS the purchase price of RM25.43 million for the proposed acquisition by Diverse Arcadia of LCS's business and assets pursuant to the sale and purchase agreement dated 6 September 2003 between LCS of the one part and Diverse Arcadia of the other part, to be satisfied by the issuance of RM15.29 million nominal value of LDHB ICULS and RM10.14 million in value of New LDHB Shares at RM0.86 per share.
8. Conditional Sale and Purchase Agreement dated 6 September 2003 between Narajaya Sdn Bhd ("Narajaya") of the first part, a company wherein a Director and certain major shareholders of the Company have an interest, LDH Management Sdn Bhd, a wholly-owned subsidiary of LDHB, of the second part and LDHB of the third part, for the acquisition of the development project known as Mahkota Cheras Project (which comprises 192 pieces of land less the excluded units, the development rights, the development liabilities, subject to, *inter alia*, the substitution of cash assets amounting to RM48.39 million, the collection by Narajaya of trade receivables amounting to RM25,621,159 and payment thereof to LDH Management Sdn Bhd, the covenant by Narajaya to deliver the fixed assets to LDH Management Sdn Bhd) all as at 25 March 2003 for a total consideration of RM156,781,323 to be satisfied by cash of RM6,611,970, RM40,601,323 in value of New LDHB Shares at RM0.86 per share, RM61.18 million nominal value of LDHB ICULS and cash of RM48,388,030.00 to substitute the cash assets.

9. Conditional Sale and Purchase of Shares Agreement dated 6 September 2003 between Amsteel, AMS and Umatrac of the one part ("Vendors"), collectively companies wherein a Director and certain major shareholders of the Company have an interest and LDH (S) Pte Ltd, a wholly-owned subsidiary of LDHB, of the other part, for the acquisition by LDH (S) Pte Ltd of up to a maximum of 226,849,626 ordinary shares of RM1.00 each representing approximately 24.68% equity interest in Lion Corporation Berhad ("LCB") which are not accepted by the eligible shareholders of LCB (i.e. excluding Tan Sri William Cheng Heng Jem and Datuk Cheng Yong Kim and parties acting in concert with them) pursuant to a renounceable restricted offer for sale of 226.8 million ordinary shares of RM1.00 each in LCB to be undertaken by the Vendors, at the price of RM1.00 per share in cash.
10. Letter of Offer dated 9 June 2003 between Amsteel Mills and Sabah Forest Industries Sdn Bhd ("SFI"), a 97.78% owned subsidiary of Lion Forest Industries Berhad, which is in turn a subsidiary of the Company wherein a Director and certain major shareholders of the Company have an interest, for a loan of up to RM100 million at an interest rate of 12% per annum granted by SFI to Amsteel Mills ("Facility") to finance the completion of Amsteel Mills' meltshop facility located in Banting, Selangor to be fully repaid by 30 June 2009.

The first interest payment shall be made 12 months from the date of drawdown and thereafter it shall be payable semi-annually in arrears. The principal shall be repaid by annual instalments. The Facility shall be secured by the creation of a second charge over the non-vacant plot of land and building held under HS(D) 13425 PT 17216, Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor which shall rank in priority to the first charge created in favour of the existing lenders of Amsteel Mills.

Note:

- (a) *Chocolate Products (Malaysia) Berhad changed its name to Lion Diversified Holdings Berhad with effect from 10 February 2003.*

INFORMATION ON LEVEL 1 SPONSORED AMERICAN DEPOSITARY RECEIPT PROGRAMME

The Company has registered with the Securities and Exchange Commission of the United States of America a Level 1 Sponsored American Depositary Receipt (“ADR”) Programme on 30 December 1992.

Under the ADR Programme, a maximum of 5% of the total issued and paid-up share capital of the Company will be traded in the US OTC Market in the United States of America in the ratio of one ADR for every one ordinary share of RM1.00 each fully paid in the Company. The Company’s trading symbol on the US OTC Market is LICUY and its CUSIP number is 53620V100.

The depositary bank for the ADR Programme is The Bank of New York and the sole custodian of the Company’s shares for the ADR Programme is Malayan Banking Berhad (“MBB”), Kuala Lumpur.

As at 15 October 2003, none of the ordinary shares of the Company was deposited with MBB for the ADR Programme.

LIST OF GROUP PROPERTIES

AS OF 30 JUNE 2003

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
1.	Lot 7736, HS(D) 159945 Johor Bahru, Johor	Freehold	152 sq metres	3-storey shophouse	31	0.1	June 1991
2.	PT 19268 Mukim of Bukit Raja Klang, Selangor	Freehold	1.0 hectare	Commercial land for future development	–	2.3	27 September 1993
3.	PT 19263 Mukim of Bukit Raja Klang, Selangor	Freehold	0.5 hectare	Commercial land where development is in progress	–	3.1	27 September 1993
4.	Melaka Technology Park PT 3852, HS(D) 34924 Mukim of Cheng District of Melaka Tengah Melaka	Leasehold 14.8.2096	37.6 hectares	Factory buildings	11	101.5	September 1994
5.	PT 19254-59 & 19264 Mukim of Bukit Raja Klang, Selangor	Freehold	0.6 hectare	Commercial land where development is in progress	–	8.4	30 October 1992
6.	Lot 2764, 2835 & 3680 Mukim 14 Seberang Perai Pulau Pinang	Freehold	0.1 hectare	Land where development is in progress	–	0.3	June 1991
7.	Taman Supreme 39 Titles Mukim of Cheras Kuala Lumpur	Freehold	11.9 hectares	Land for future development	–	7.3	June 1991
8.	Lot 1110, 1111 & 2870 Mukim of Petaling District of Petaling Selangor	Freehold	8,114 sq metres	Industrial land	–	0.3	June 1991
9.	PT 862-3348 Mukim of Bacang Melaka	Leasehold 12.4.2081 (residential) 22.8.2077 (industrial)	4.9 hectares	Land where development is in progress	–	9.0	June 1991
10.	Lot 1553, Section 2 Bandar Tanjung Tokong Pulau Pinang	Freehold	0.5 hectare	Land & buildings	4	3.3	June 1991
11.	Lot 4534 Mukim of Simpang Kanan Batu Pahat, Johor	Freehold	4.8 hectares	Land where development is in progress	–	2.6	June 1991
12.	Lot 11233 HS(D) 60874 Taman Tayton, Cheras Kuala Lumpur	Freehold	620 sq metres	Land for future development	–	0.1	June 1991
13.	Lot 7623 Kepong Utara Mukim of Batu Kuala Lumpur	Leasehold 30.3.2086	4.9 hectares	Land where development is in progress	–	14.8	30 June 1990

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
14. Mukim 17 North East District Batu Ferringhi Pulau Pinang	Freehold	28.7 hectares	Land for future development	–	31.8	June 1991
15. PT 19261 Mukim of Bukit Raja Klang, Selangor	Freehold	4.2 hectares	Office and shopping complex	9	189.0	April 1999
16. Lot 408, 937 & 2090 Mukim of Plentong Johor Bahru	Freehold	2.8 hectares	Agriculture land for future development	–	0.2	June 1991
17. PT 798 & 885 Mukim of Jerai District of Jempol Negeri Sembilan	Freehold	0.1 hectare	Land where development is in progress	–	0.4	6 September 1994
18. PT 3494 Mukim of Bukit Raja Klang, Selangor	Leasehold 9.11.2085	24.0 hectares	Industrial land & buildings	26	41.7	22 October 1994
19. PT 17631 Mukim of Bukit Raja Klang, Selangor	Leasehold 29.10.2091	2,880 sq metres	Industrial land & buildings	26	0.3	22 October 1994
20. PT 23992, HS(D) 48446 Mukim of Kapar Klang, Selangor	Leasehold 29.3.2087	10.4 hectares	Industrial land	–	9.0	22 October 1994
21. PT 3510, HS(D) 24284 Mukim of Bukit Raja Klang, Selangor	Leasehold 21.10.2088	2.9 hectares	Industrial land & buildings	8	10.0	22 October 1994
22. Lot 2320 & 2323B Mukim of Tanjung Dua Belas District of Kuala Langat Selangor	Freehold	71.6 hectares	Industrial land & buildings	3	245.1	1996
23. Beijing Lu, Fengxi Town Qingpu County Shanghai, China	Leasehold 30.6.2043	7.1 hectares	Office & factory buildings	9	3.3	1 July 1993
24. 27 Nanheng Street Fuxingzhuang Hedong District Tianjin, China	Leasehold 19.12.2045	33,411 sq metres	Industrial land, office & factory	6-17	12.2	December 1995
25. Tong Xian County Beijing, China	Leasehold 2.7.2045	2.9 hectares	Industrial land & buildings	9	18.0	July 1995
26. 186, Yellow River Road Zhejiazhuang New and Hi-Tech Industrial Development Zone Hebei, China	Leasehold 1.6.2026	20,100 sq metres	Industrial land & buildings	6-7	4.9	June 1996
27. Pasir Gudang Industrial Estate 81707 Pasir Gudang, Johor	Leasehold					
- PLO 417, Jalan Gangsa Satu	17.6.2052	6.3) Industrial land) & buildings	10	13.4) September 2002
- PLO 218, Jalan Gangsa Satu	26.12.2056	4.4		5	14.0	
- PLO 277, Jalan Gangsa Satu	29.9.2038	6.5		5-20	16.4	
		hectares				

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
28.	PLO 495, Jalan Keluli Pasir Gudang Industrial Estate 81707 Pasir Gudang, Johor	Leasehold 6.2.2025	11.1 hectares	Industrial land & buildings	4	9.2	September 2002
29.	Jalan Perjiranan 10 81707 Pasir Gudang, Johor	Leasehold 5.6.2082	27,720 sq feet	Residential	4	1.0	September 2002
30.	11 & 15, Jalan Dahlia 3, Bukit Dahlia 81700 Pasir Gudang, Johor	Leasehold 2.2.2092	30,967 sq feet	Bungalow	10	0.5	September 2002
31.	Blok 6, Taman Mawar 81700 Pasir Gudang, Johor	Leasehold 22.2.2087	11,832 sq feet	Residential	11	0.3	September 2002
32.	Blok 2-4, 17 & 18 Taman Cendana 81700, Pasir Gudang, Johor	Leasehold 28.4.2093	210,972 sq feet	Residential	5-6	10.1	September 2002
33.	Blok 86 & 87 Jalan Tembusu Taman Air Biru 81700 Pasir Gudang, Johor	Leasehold 2.11.2085	33,162 sq feet	Residential	9	1.7	September 2002
34.	No. 40A, Jalan Pandan 3/2 Pandan Jaya, Cheras, 55100 Kuala Lumpur	Leasehold 5.5.2087	178 sq metres	Shophouse buildings	14	0.2	September 2002
35.	PT 4004/HS(D) KK123/85 Taman Sri Guchil Kuala Krai, Kelantan	Freehold	148.65 sq metres	Double storey shophouse	3	0.1	September 2002
36.	3, Jalan SS13/3B 47500 Petaling Jaya Selangor	Freehold	10,005 sq feet	Industrial land & buildings	14	1.0	March 2003
37.	Lot 72, Persiaran Jubli Perak 40000 Shah Alam Selangor	Freehold	5 acres	Industrial land & buildings	9	8.3	March 2003
38.	12 & 12/1 Jalan Nangka Tiga Taman Rumpun Bahagia 75300 Bacang, Melaka	Leasehold 21.7.2084	1,650 sq feet	Land & buildings	18	0.1	March 2003
39.	Centre Point Business Park Unit No: B-8-1 & B-8-2 5, Jalan Tanjung Karamat 26/35, Seksyen 26 40400 Shah Alam, Selangor	Freehold	2,716 sq feet	Building	5	0.4	March 2003
40.	50, Jalan Wangsa 2/5 Taman Wangsa Permai 52200 Kuala Lumpur	Leasehold 21.10.2087	1,400 sq feet	Land & building	5	0.2	March 2003

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
54.	PT 501 Kawasan Bandar XLII Daerah Melaka Tengah Melaka	Leasehold 18.7.2101	5.30 hectares	Land & buildings	10	146.5	March 2003
55.	234, Wu Tian Street Wenzhou Zhejiang, China	Leasehold 28.2.2045	7.58 hectares	Industrial land & buildings	9-15	46.9	March 2003
56.	89, Chang Ning Road Jing Men City Hubei, China	Leasehold 31.12.2045	10.63 hectares	Industrial land & buildings	7	36.4	March 2003
57.	89, Chang Ning Road Jing Men City Hubei, China	Leasehold 31.12.2045	22.52 hectares	Industrial land & buildings	8-25	29.8	March 2003
58.	28, Hongqi North Road Zhuzhou City Hunan, China	Leasehold 31.12.2045	4.42 hectares	Industrial land & buildings	6-15	6.2	March 2003
59.	96, Shaoshan Road Changsha City Hunan, China	Leasehold 13.12.2044	4.08 hectares	Industrial land & buildings	6-15	40.0	March 2003
60.	Quan Fang Tou Kunyang Village Pingyang City Zhejiang, China	Leasehold 30.4.2046	4.49 hectares	Industrial land & buildings	15	14.1	March 2003
61.	10, Li Shan Road Yi Yuan District Shangdong, China	Leasehold 31.12.2046	3.60 hectares	Industrial land & buildings	15	21.1	March 2003
62.	19, Huanxi Road Diao Pu Village Tai Xing City Jiangsu, China	Leasehold 30.6.2046	9.00 hectares	Industrial land & buildings	8	29.9	March 2003
63.	10, Wangziher Lin Changsha Hunan, China	Leasehold 7.4.2050	6.36 hectares	Industrial land & buildings	4	0.9	March 2003
64.	198, Chengzhan Road Xiaonan District Xiaogan Hubei, China	Leasehold 31.12.2046	5.20 hectares	Industrial land & buildings	5-7	3.5	March 2003
65.	124, Jingshui Road Da Jing Town Yue Qing City Zhejiang, China	Leasehold 12.2.2043	1.15 hectares	Industrial land & buildings	5-20	7.7	March 2003
66.	Xiguan Shuangxi Road (W) Jinhua City Zhejiang, China	Leasehold 26.12.2051	4.56 hectares	Industrial land & buildings	10-20	6.0	March 2003

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 15 October 2003

Authorised Share Capital	:	RM750,000,000
Issued and Paid-up Capital	:	RM679,235,465
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	2,208	6.57	120,702	0.02
100 - 1,000	12,258	36.50	7,171,188	1.06
1,001 - 10,000	16,409	48.86	55,783,863	8.21
10,001 - 100,000	2,415	7.19	62,635,359	9.22
100,001 - less than 5% of issued shares	291	0.87	195,616,642	28.80
5% and above of issued shares	2	0.01	357,907,711	52.69
	<u>33,583</u>	<u>100.00</u>	<u>679,235,465</u>	<u>100.00</u>

Thirty Largest Registered Shareholders as at 15 October 2003

Registered Shareholders	No. of shares	% of shares
1. Lion Corporation Berhad	282,576,909	41.60
2. Lembaga Tabung Angkatan Tentera	75,330,802	11.09
3. Lion Construction & Engineering Sdn Bhd	17,432,392	2.57
4. Allianz General Insurance Malaysia Berhad	8,442,058	1.24
5. Mayang Jati (M) Sdn Bhd	6,951,344	1.02
6. Pembinaan Mitrajaya Sdn Bhd	6,577,055	0.97
7. Malaysian Trustee Berhad LLB Scheme	5,424,201	0.80
8. Menta Construction Sdn Bhd	5,292,556	0.78
9. BHLB Trustee Berhad TA Comet Fund	4,756,250	0.70
10. PMB Jaya Sdn Bhd	4,570,384	0.67
11. HSBC Nominees (Asing) Sdn Bhd BOA (M) Bhd for Lancaster Trading Co Ltd	4,570,237	0.67
12. Geopancar Sdn Bhd	4,500,000	0.66
13. Nam Fatt Corporation Berhad	4,229,537	0.62

Registered Shareholders	No. of shares	% of shares
14. HSBC Nominees (Tempatan) Sdn Bhd BOA (M) Bhd for Lion Holdings Sdn Bhd	4,000,500	0.59
15. PLB-KH Bina Sdn Bhd	3,600,556	0.53
16. Ryoden (Malaysia) Sdn Bhd	3,063,994	0.45
17. Lim Bee Guat	2,514,041	0.37
18. Cartaban Nominees (Asing) Sdn Bhd Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	2,250,000	0.33
19. Bond Electrical (Kuala Lumpur) Sdn Bhd	2,230,157	0.33
20. AMMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Horizon Towers Sdn Bhd (BK 6/191-1)	2,227,844	0.33
21. Mayban Nominees (Tempatan) Sdn Bhd J.P. Morgan Chase Bank Berhad for Amanvest (M) Sdn Bhd (220013)	2,212,500	0.33
22. Southern Steel Berhad	2,108,152	0.31
23. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun	2,000,000	0.29
24. United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koo Kow Kiang @ Ko Keck Ting (MPG)	2,000,000	0.29
25. Mayban Nominees (Tempatan) Sdn Bhd J.P. Morgan Chase Bank Berhad for LLB Suria Sdn Bhd (JPMC Labuan)	1,906,502	0.28
26. Allianz Life Insurance Malaysia Berhad	1,876,100	0.28
27. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun (Memo)	1,870,000	0.28
28. Cimsec Nominees (Tempatan) Sdn Bhd Pengurusan Danaharta Nasional Berhad	1,766,732	0.26
29. Cobrain Holdings Sdn Bhd	1,544,149	0.23
30. Employees Provident Fund Board	1,469,812	0.22

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 options ⁽¹⁾
1. Tan Sri Cheng Heng Jem	–	–	322,253,692	47.44	–
2. Lion Realty Private Limited	–	–	317,007,885	46.67	–
3. Datuk Cheng Yong Kim	443,689	0.07	317,088,273	46.68	307,000
4. Lion Development (Penang) Sdn Bhd	225,257	0.03	308,438,024	45.41	–
5. Horizon Towers Sdn Bhd	122,290	0.02	305,295,781	44.95	–
6. Lion Corporation Berhad	282,576,909	41.60	22,718,872	3.35	–
7. Lembaga Tabung Angkatan Tentera	75,330,803	11.09	340,500	0.05	–

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 changes:

	Nominal value per ordinary share	Direct Interest		Indirect Interest		
		No. of shares	% of shares	No. of shares	% of shares	No. of options ⁽¹⁾
Datuk Cheng Yong Kim						
The Company	RM1.00	443,689	0.07	317,088,273	46.68	307,000
Related Company						
Lion Diversified Holdings Berhad	RM0.50	–	–	232,016,501	66.55	–
Dato' Kamaruddin @ Abas bin Nordin						
The Company	RM1.00	1,500	^	-	-	148,000

Notes:

^ - Negligible

(1) Options granted pursuant to the Company's Executive Share Option Scheme at an option price of RM1.00 per share.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM60,330 (2002: RM50,000).

(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 steel bars, wire rods, hot briquetted iron, billets and other related products and services	Lion Corporation Berhad Group ("LCB Group") ⁽¹⁾	166,412
	Lion Teck Chiang Limited Group ⁽¹⁾	41,753
	Lion Forest Industries Berhad Group ("LFIB Group") ⁽¹⁾	18,503
	Amalgamated Containers Berhad Group ("ACB Group") ⁽¹⁾	6,552
	Amsteel Corporation Berhad Group ("Amsteel Group") ⁽¹⁾	67,020
		300,240
(ii) The purchase of scrap iron and other related products and services	LCB Group ⁽¹⁾	101,796
	Silverstone Corporation Berhad Group ("SCB Group") ⁽¹⁾	10
	Amsteel Group ⁽¹⁾	10,284
	Lion Holdings Pte Ltd Group ⁽¹⁾	20,350
	ACB Group ⁽¹⁾	773
	Ributasi Holdings Sdn Bhd Group ("Ributasi Group") ⁽³⁾	177
	133,390	
(iii) The purchase of machinery, spare parts, tools and dies and other related products and services	Amsteel Group ⁽¹⁾	3,995
(iv) The provision of storage, leasing and rental of properties	Amsteel Group ⁽¹⁾	770
	ACB Group ⁽¹⁾	362
	LFIB Group ⁽¹⁾	360
	1,492	
(v) The provision of marketing, distribution and transportation services	Amsteel Group ⁽¹⁾	5,320
	Peringkat Prestasi (M) Sdn Bhd Group ⁽²⁾	1,362
	Lembaga Tabung Angkatan Tentera Group ("LTAT Group") ⁽²⁾	69
		6,751

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(b) Property-based (i) The provision of storage, leasing, rental of properties and related services	Ributasi Group ⁽³⁾	7,307
	Amsteel Group ⁽¹⁾	2,774
	SCB Group ⁽¹⁾	112
		10,193
(ii) The award of contracts, nomination of sub-contractors and consultants for property projects	Amsteel Group ⁽¹⁾	6,294
	LCB Group ⁽¹⁾	812
		7,106
(iii) The provision of building maintenance, project management, security, sales and marketing and other related services	Lion Diversified Holdings Berhad Group ⁽¹⁾	338
(c) Others (i) The provision of management and support, training and education and other related services	Lion Development (Penang) Sdn Bhd Group ⁽¹⁾	1,492
	SCB Group ⁽¹⁾	42
	Amsteel Group ⁽¹⁾	1
		1,535
(ii) The obtaining of insurance and the underwriting of risks	LTAT Group ⁽²⁾	3,469
(iii) The provision of security services and security communication equipment	Amsteel Group ⁽¹⁾	616
(iv) The purchase of motor vehicles, component parts and other related products and services	LFIB Group ⁽¹⁾	1,136
	SCB Group ⁽¹⁾	14
	LCB Group ⁽¹⁾	16
		1,166
(v) The purchase of office equipment, furniture and other industrial and consumer products	Amsteel Group ⁽¹⁾	111
	LCB Group ⁽¹⁾	55
	Ributasi Group ⁽³⁾	83
		249

Notes:

“Group” includes subsidiary and associated companies.

- (1) Company in which a Director and certain 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 and a major shareholder of the Company have an interest.

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

(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 in order 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 to Shareholders dated 9 January 2003 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 Group Wide Restructuring Scheme (“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 Industries Corporation Berhad (“LICB”) Management Structure

The LICB’s 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 LICB as well as the implementation of various strategic business plans and objectives of the LICB Group. Together with the Financial Controller, he is also responsible for overseeing the divestment plans of the LICB 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.

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 LICB’s financial performance is reported to lenders in a timely and comprehensive manner.

The LICB 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 Proposed Divestment Programme (“PDP”)
(i) Stages of the assets to be divested

Assets to be Divested	PDP (Per GWRS)	Completed Before December 2002	Subsequent to December 2002			
			Concluded Sales Total	Proceeds Received/to be Received (Jan-Dec 03)		
				Projected		
				Actual Jan-June 2003	Projected July to Dec 2003	Projected Jan to Dec 2003
	RM'million	RM'million	RM'million	RM'million (a)	RM'million (b)	RM'million (a) + (b)
<u>By December 2002</u>						
Unlisted shares in pharmaceutical company	2.0	2.0	–	–	–	–
Unlisted shares in automotive company	29.4	29.4	–	–	–	–
Listed shares in financial services company	2.5	–	2.5	2.5	–	2.5
	33.9					
<u>By December 2003</u>						
Shares in unlisted companies, industrial land, office block and shoplots in Parade and shopping centre	174.3	–	11.0	–	* 174.3	174.3
<u>By Decemebr 2004</u>						
Shares in unlisted companies and shoplots in Parade and shopping centre	45.4	–	–	–	–	–
<u>By December 2005</u>						
Shares in unlisted company, factories and apartment	9.7	–	–	–	–	–
<u>By December 2006</u>						
Shares in unlisted companies, commercial land, residential land and shoplots in Parade and shopping centre	278.0	–	–	–	–	–
Total	541.3	31.4	13.5	2.5	174.3	176.8

* 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/repay the LICB Bonds and USD Debts. Lenders consent will also be sought to enable the Group to reschedule its redemption/repayments of LICB Bonds and USD Debts.

(ii) Transactions completed during the financial period (January-June 2003)

The transactions completed during the financial period are as follows:

- a) The disposal of listed shares in financial services company:
 - The gross and net divestment proceeds are RM2.5 million; and
 - All the proceeds have been received in the current financial period.
- b) The disposal of office block:
 - The gross and net divestment proceeds are RM11 million and RM10 million respectively; and
 - All the proceeds have been received in July 2003.

(iii) Utilisation of the divestment proceeds received

The divestment proceeds received was used to redeem/repay the LICB Bonds and USD Debts.

(c) Issues Affecting the Joint-Venture Companies of Lion Group in the People's Republic of China ("PRC")

(i) Affecting Amsteel Corporation Berhad ("Amsteel")

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 Ninesea Parkson Plaza Co Ltd (Amsteel Group's interest holding : 100%)*</p> <p>Mianyang Fulin Parkson Plaza 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>Dalian Tianhe Parkson Shopping Center Co Ltd (Amsteel Group's equity holding : 60%)</p> <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>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>20 November 2001</p> <p>25 December 2001</p> <p>26 December 2001</p> <p>7 December 2001</p> <p>3 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 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 ("MOFTEC") for the restructuring was obtained on 28 July 2003. Pending procurement of business licence to complete restructuring.</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>

No.	Issues	Joint-Venture Company ("JV Co")	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
		Xian Lucky King Parkson Plaza Co Ltd (Amsteel Group's equity holding : 51%)	20 February 2002	Approval from the State Economic and Trade Commission was obtained on 14 February 2003 and submission has been made to the MOFTEC on 8 May 2003 for approval to amend the Joint Venture Agreement and the JV Co's Articles of Association.
2.	Land Use Right(s) for land(s) ("LUR") to be transferred by the PRC Party to the JV Co as the 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 certified auditor by 31 December 2003.
4.	The PRC party has not obtained the LUR or Property Ownership Right(s) for building(s) ("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.	Mianyang Fulin Parkson Plaza Co Ltd (Amsteel Group's equity holding : 60%)	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 the building located at No. 17, An Chang Lu, Mianyang City, Sichuan Province, PRC.	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.

No.	Issues	Joint-Venture Company ("JV Co")	Steps taken or to be taken to resolve the Issues	Status as at 15 October 2003
		<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>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 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.</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 SHC shall compensate the Amsteel Group for any damages suffered in the event SHC fails to procure the transfer.</p> <p>By a letter dated 8 March 2001, the 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.</p>
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 Center 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 of requesting DTP to provide other security in lieu of the pledge.

* *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 USD3.0 million from the first year to the fourth year and a 4% annual increase over the USD3.0 million starting from the fifth year.*

(ii) **Affecting Lion Industries Corporation Berhad (“LICB”)**

No.	Issues	Joint-Venture Company (“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 MOFTEC amounting to USD30 million (equivalent to approximately RM114 million) and any excess must be approved by the MOFTEC in Beijing, 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.
2.	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, Yang Wan Lu, Jimen 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 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, Yang Wan Lu, Jimen 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.



FORM OF PROXY

I/We

I.C. No./Company No.

of

being a member/members of LION INDUSTRIES 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 Seventy-Third 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 3.30 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve a first and final dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Y. Bhg. Tan Sri Dato' Musa bin Hitam		
5. To re-elect as Director, Y. Bhg. Datuk Cheng Yong Kim		
6. To re-appoint Auditors		
7. Authority to Directors to issue shares		
8. Proposed Renewal of 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 of 2003

No. of shares

Signed :

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.

