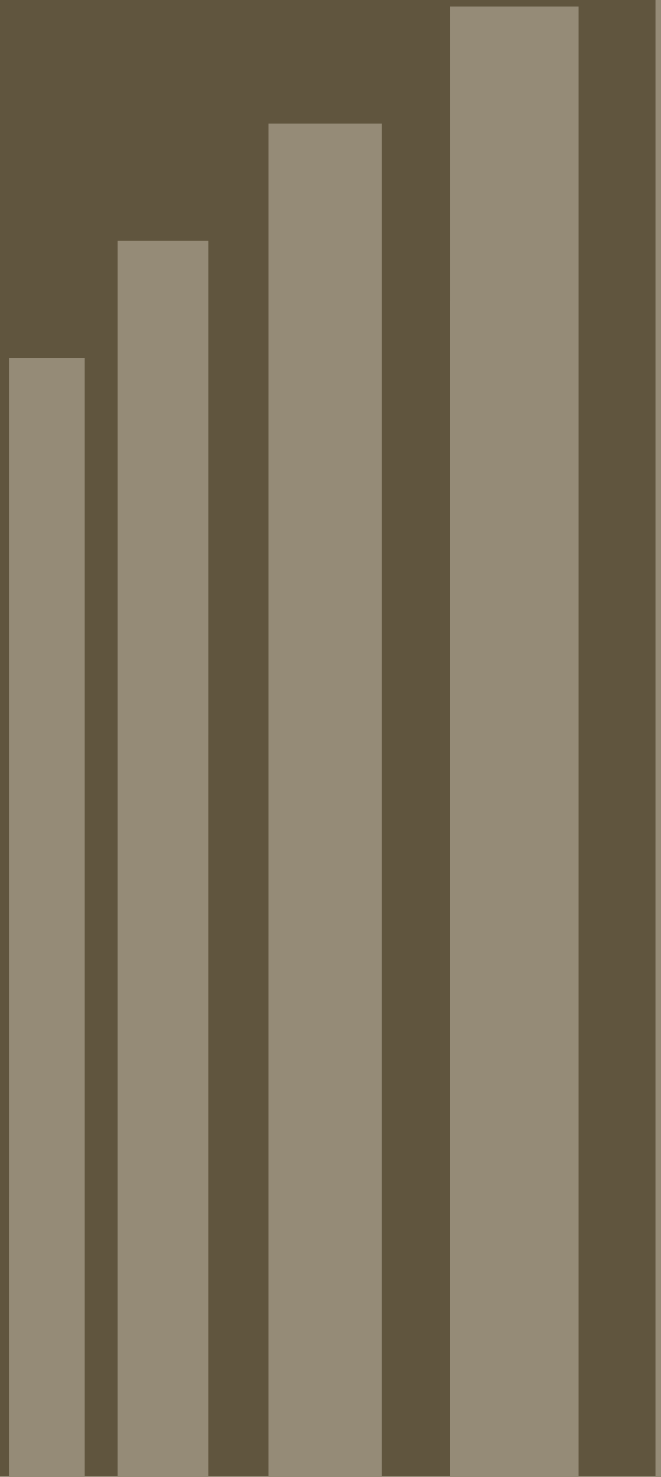




LION TECK CHIANG LIMITED



Annual Report **2004**



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Given the uncertainties in the international steel market and continuing subdued market sentiment affecting property development in Singapore and Malaysia, we will continue to explore all opportunities to improve margins, reduce costs and implement more aggressive marketing strategies.



On behalf of the Board of Directors, I am pleased to announce that Lion Teck Chiang had a good year in FY2004 with a very positive operating performance. Only the exceptional write-down in the value of our investment properties has prevented us from reporting a respectable profit.

FINANCIAL HIGHLIGHTS

Turnover for the Group declined by 3% to \$108 million, from \$111.7 million in FY2003, mainly due to lower volume for steel. This was partially offset by higher turnover for property development.

Group operating profit before interest, exceptional items and tax improved to \$8.7 million, from \$0.7 million for the previous corresponding period, due to turnaround for the steel business and continued strong performance for property development.

However, the Group incurred a net loss of \$11.6 million after an exceptional item of \$17 million on revaluation of our Singapore investment properties. An external valuation for the four blocks of properties at Arumugam Road, obtained on 30 June 2004 from Knight Frank Pte Ltd and announced on 2 July 2004 via MASNET, resulted in a revised figure of \$68 million, a reduction of \$17 million from the last valuation of \$85 million.

Other than the revaluation of our investment properties, there were no material factors that affected the Group's cash flow, working capital, assets or liabilities during the financial year.

STEEL TRADING & FABRICATION

International steel prices surged to their peak in April 2004, and stabilised by July 2004. In August 2004, they rose sharply and are still historically high.

Singapore's construction sector continues to suffer from lack of economic confidence resulting in a slow building programme and decline in the number of projects undertaken. Local demand for steel in 2004 is estimated to be 0.7 million tonnes, down from 0.88 million in 2003. 2005 volume is anticipated to be around the 2004 level.

Turnover for the Steel Division is, therefore, expected to remain low within the next 12 months, while profitability is subject to the volatility of international steel prices.



SINGAPORE

Property Development & Management

A number of factors can be expected to encourage positive sentiment in the residential property market in Singapore: the latest predictions for GDP growth are 8.4% in 2004 and 5% in 2005; the unemployment rate is expected to ease to 4% by the end of 2004 (MAS quarterly survey, 27 August 2004); and the use of CPF savings for up to 10% of the down-payment for home purchases. However, the 3% CPF reduction and increase in GST to 5% have undermined the ability of many in the low to medium priced segments to afford first homes or upgrades. So, while there is evidence of a slight improvement in the number of units sold, the selling price has not yet improved.

With demand high for the limited supply of landed property in Singapore, we succeeded in selling all the houses at Goodman Road. Higher priced landed houses retain their appeal and we will continue to focus on the development of landed property as a niche market. The Group has recently acquired a piece of land at Wilkinson Road and it has been earmarked for development of detached houses.

Investment Property

With the huge supply overhang, rental rates for our four blocks of properties at Arumugam Road, Singapore are not expected to recover soon. Occupancy saw a marginal decline to just under 80%, but it is generally expected this will improve with the projected economic recovery.

MALAYSIA

Property Development

Following the introduction by the Malaysian government of an incentive package covering stamp duty exemption, interest rate subsidies and tax relief on interest payments, buying activity in Malaysia significantly bolstered the performance of the property development business during this year. The various phases of single and double-storey terrace houses at Bandar Baru have now been substantially sold and completed. Taman Iskandar, a mixed residential and retail development in Johor Baru successfully launched at the end of 2002, has also been sold out. The bulk of the revenue of both projects has been recognised in this financial year. The remaining balance is not expected to contribute significantly in the next 12 months.

For FY2005, contribution will come from two development projects: the Skudai project in Johor, which consists of a hypermarket and terrace houses, and the Mahkota Square project in Malacca, which consists of sales of apartments and shop offices.

PROSPECTS

Given the uncertainties in the international steel market and continuing subdued market sentiment affecting property development in Singapore and Malaysia, we will continue to explore all opportunities to improve margins, reduce costs and implement more aggressive marketing strategies. We will invest further in our two core businesses as the economy improves.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank all our management and staff for their achievements and contributions to our performance. I would also like to express my sincere appreciation to our customers, suppliers, shareholders and business associates for their continuing support. I am grateful to members of the Audit Committee and my fellow Directors for their counsel and commitment.

Cheng Theng Kee
Chairman



steel

STEEL TRADING & FABRICATION

Turnover for our steel operations in Singapore decreased by 26% from \$87 million in FY2003 to \$65 million for this year, and contributed 59% of the total turnover of the Group.

While overall tonnage decreased by 40%, average selling prices were up by 25%. With improved margins, gross profits were maintained despite the lower turnover. As a result of stringent credit control and cost reductions, net profit before interest and tax improved to \$1.0 million from a loss of \$1.5 million in the previous year.

Major on-going public sectors projects secured during the year include MRT Circle Line contracts No. 851 and 852, HDB Punggol East and HDB Kallang/Whampoa. Major on-going private projects secured are One Raffles Quay, Cathay Buildings and new Halls of Residence for Nanyang Technological University.

The new factory on land adjacent to our existing factory at Woodlands was commissioned during the year, with minimal new investment. We will invest further in new machinery when the market for steel improves.

*left to right,
Biopolis at Buona Vista
Golden Hill at Lorong Chuan
Sports School at Woodlands*



REGIONAL PROPERTY DEVELOPMENT & MANAGEMENT

Compared to the last financial year, there was a considerable increase in turnover for property development from \$22 million to \$41 million, while property rental and management registered a slight decrease from \$2.9 million to \$2.7 million. The Property Division's contribution to total Group turnover increased to 41%.

Turnover for property development in Singapore increased to \$13 million due to the sales of detached houses at Goodman Road and a number of apartment units at Dunman Place and The Princeton. Net profit before interest and tax improved by \$2.3 million due to higher contribution from the Goodman Road project and also to the lower provision of \$0.3 million for diminution in value of our completed properties, compared to \$2.0 million made in FY2003.

Property development turnover in Malaysia improved by 41% to \$28 million, and net profit before interest and tax by 54% to \$6.8 million. The residential project at Bandar Baru Brooklands, Banting contributed significantly, with turnover increased by \$15 million to \$23 million and net profit before interest and tax improved by \$4.7 million to \$5.6 million. Sales at the terrace housing project in Taman Iskandar, Johor Baru, continued to improve, with all units taken up and construction progress at over 80%. This contributed to turnover and net profit before interest and tax of \$3.6 million and \$1.4 million respectively.

Rental income of our investment properties in Singapore declined by 9% compared with FY2003, mainly due to lower occupancy while one of our four blocks undergoes improvement works.

property

*clockwise,
Double storey terrace houses show units at Taman Iskandar, Johor Bahru,
Double storey terrace houses at Bandar Baru Brooklands, Banting,
Goodman Residence*

corporate information

BOARD OF DIRECTORS

Cheng Theng Kee *Chairman*
Cheng Yong Liang *Managing Director*
Tan Sri Cheng Heng Jem
Mazlan Bin Dato' Harun
Chay Yee
Ong Teong Wan
Juliana Cheng San San *Alternate Director to
Tan Sri Cheng Heng Jem*

AUDIT COMMITTEE

Ong Teong Wan *Chairman*
Chay Yee
Mazlan Bin Dato' Harun

NOMINATING COMMITTEE

Ong Teong Wan *Chairman*
Chay Yee
Cheng Yong Liang

REMUNERATION COMMITTEE

Chay Yee *Chairman*
Ong Teong Wan
Cheng Yong Liang

COMPANY SECRETARIES

Chan Su Lee, ACIS
Tan Yen Hui, ACIS

board of directors

MR CHENG THENG KEE, Chairman of the Group, was appointed to the Board on 24 February 1997. He was last re-elected as Director on 11 November 2002. He is an executive director and also an entrepreneur with considerable experience in manufacturing, trading, property investment and development.

Mr Cheng was educated at the Chinese High School. He helped to steer and expand the Lion Group's construction and property arm to its current position today. He was also responsible for the development of the Teck Chiang Industrial Complex at Arumugam Road, Singapore.

MR CHENG YONG LIANG joined the Board since 24 February 1997 and is the Managing Director of the Group. He is also a member of both the Nominating and Remuneration Committees.

Mr Cheng graduated with a Bachelor of Science Degree in Business Administration from the University of San Francisco and a Diploma in Building from Singapore Polytechnic. He has been involved with the Lion Group for approx 19 years, primarily in the Lion Group's Property Division. Mr Cheng also sits on the board of Lion Industries Corporation Berhad, a company listed on the KLSE.

TAN SRI CHENG HENG JEM joined the Board on 24 February 1997 and is a Non-Executive Director of the Group. He was last re-elected as Director on 11 November 2002.

Tan Sri has had more than 30 years of experience in the steel industry.

Tan Sri is also the Chairman and Managing Director of Lion Corporation Berhad, Chairman of Lion Diversified Holdings Berhad (formerly known as Chocolate Products (Malaysia) Berhad, Lion Forest Industries Berhad (formerly known as Posim Berhad) and Silverstone Corporation Berhad (formerly known as Angkasa Marketing Berhad); Director of Amsteel Corporation Berhad and Director of Amalgamated Containers Berhad, all of which are listed on the KLSE.



ENCIK MAZLAN BIN DATO' HARUN joined the Board on 31 January 1986 and is a Non-Executive Director. He was last re-elected as a Director on 11 November 2003. He is a member of Audit Committee Member.

Encik Mazlan holds a Second Class Honours Degree in Economics and Political Science from the University of Exeter, England.

Encik Mazlan was previously elected to the Selangor State Assembly to represent the Seri Setia (Sungai Way) (1982 to 1986) and the Lindungan (1987 to 1990) constituencies. Encik Mazlan was also the Chairman of several committees in the Selangor State Economic Corporation (PKNS) and the Chairman of the Selangor State Public Accounts Committee from 1982 to 1990.

MR CHAY YEE joined the Board on 24 February 1997 and is a Non-Executive and Independent Director. He was last re-elected as a Director on 11 November 2003. He is Chairman of Remuneration Committee and a member of Audit and Nominating Committees.

Mr Chay graduated with a B.A. (Hons), M. Soc. Sc. from the University of Hong Kong. He was a former public servant who has served in the Ministry of Finance and CPF Board. He was the Deputy General Manager of the CPF Board before he became the Managing Director of Forte Investments Pte Ltd, a post he holds to this day.



REGISTERED OFFICE

10 Arumugam Road #10-00
Lion Industrial Building Singapore 409957
Tel : (65) 6745 9677 Fax : (65) 6747 9493

REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
63 Cantonment Road Singapore 089758
Tel : (65) 6323 6200 Fax : (65) 6323 6990

AUDITORS

Ernst & Young
Certified Public Accountants
10 Collyer Quay #21-01
Ocean Building Singapore 049315
Tel : (65) 6535 7777 Fax : (65) 6532 7662
Partner in charge : Mrs Lim Siew Koon
Date of appointment: 29 October 1999

SOLICITORS

Wong Partnership
80 Raffles Place #58-01
UOB Plaza 1
Singapore 048624
Tel : (65) 6416 8000
Fax : (65)6532 5711

PRINCIPAL BANKERS

The Development Bank of
Singapore Limited
Oversea-Chinese Banking
Corporation Limited



key management staff

MR ONG TEONG WAN joined the Board on 28 July 1998. He is a Non-Executive and Independent Director. He was last re-elected as Director on 11 November 2002. He is Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.



Mr Ong holds an MBA (International Business) from the University of Southern California. He is currently the Consulting Partner at the Singapore Institute of Management and an Independent Director of Vicom Ltd.

MS JULIANA CHENG SAN SAN joined the Board on 24 May 2002 and was appointed Alternate Director to Tan Sri Cheng Heng Jem. Juliana joined the organisation in 1995 as Assistant Accountant. She assumed the position of Human Resource/Admin Manager in 1996 where she oversees the setting up of the Human Resource Department. Ms Juliana also assumed a secondary designation as Business Development Manager in 1998. She holds a Bachelor Degree in Commerce (Management) from University of Western Sydney, Australia and completed a Program for Global Leadership from Harvard Business School in year 2000.



MR FREDDY MOK is the Group Accountant. Freddy joined the Company in 2000 and is responsible for the overall financial accounting, treasury and corporate finance affairs of the Group. He holds a Bachelor of Accountancy degree from National University of Singapore.

MR CHENG THENG HOW is a Director and General Manager of Angkasa Hong Leong Pte Ltd ("AHL"). He is also the head of the Steel Trading Division of the Group. His expertise and responsibilities in the Group cover steel trading, project management, maintenance of plant and machinery and rebar fabrication. He has more than 12 years of experience in steel milling operations and was previously Assistant General Manager of Production at Amsteel. Mr Cheng is a director of Lion Asiapac Limited. He holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

JENNY NG KIM KWEE is the Assistant General Manager of AHL. She has over 17 years of experience in rebar fabrication operations before joining AHL in 1999. Her responsibilities cover project, sales & plant management, rebar fabrication operations and overseeing maintenance of plant and machinery. She holds a Diploma in Civil Engineering from Singapore Polytechnic.

MR TAY HUI SIANG is the Project Manager of Teck Chiang Realty Private Limited ("Teck Chiang"). He is responsible for the co-ordination and development of residential property projects of Teck Chiang. Mr Tay joined Teck Chiang in 1989 as Project Co-ordinator and was promoted to the position of Project Manager in 2001. He has been in construction related fields for more than 20 years. He holds a Diploma in Facility Management.

MS WONG CHOY LING is the Assistant Manager in the Property Management Department. Ms Wong is involved in the administration of leases and management of the existing industrial properties of Teck Chiang. She possesses a Diploma in Business Administration together with an Advanced Diploma in Real Estate and Property Management.

FINANCIAL PERFORMANCE

	2004 S\$'000	2003 S\$'000
Turnover for the year ended 30 June		
Steel	64,286	86,869
Property development	41,332	21,851
Property rental and management	2,685	2,913
Investment holdings	81	83
Total	108,384	111,716
Profit before interest and taxes for the year ended 30 June		
Steel	1,046	(1,520)
Property development	6,839	2,196
Property rental and management	1,065	1,406
Investment holdings	(315)	(1,395)
Total	8,635	687
Financial ratios (cents)	2004	2003
Loss per share (after tax and based on existing issued share capital)	7.42	0.65
Net tangible assets backing per ordinary share	76	84
Par value per share	50	50
Current ratio (times)	2.05	1.69
Gearing ratio (times)	0.29	0.32

FINANCIAL POSITION

	2004 S\$'000	2003 S\$'000
Non-current assets		
Investment properties	68,000	85,000
Fixed assets	12,854	11,558
Associated companies	25	24
Long-term investments	3,413	3,541
Properties under development	43,334	52,108
Current assets	72,738	81,735
Current liabilities	(35,533)	(48,233)
Long-term liabilities	(31,731)	(39,791)
Deferred taxation	(1,080)	(1,352)
Net assets	132,020	144,590
Represented by:		
Share capital	78,227	78,227
Share premium	71,886	71,886
Capital reserve	3,404	3,571
Exchange translation reserve	(11,612)	(10,336)
Accumulated losses	(23,472)	(11,862)
Shareholders' funds	118,433	131,486
Minority interests	13,587	13,104
Total equity	132,020	144,590



LION TECK CHIANG LIMITED



The Board of Directors are committed to high standards of corporate governance and have adopted the principles set out in the Code of Corporate Governance (the "Code") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company believes that it is in compliance with the listing manual, and where there are deviations from the Code, appropriate explanations will be provided.

ROLE OF THE BOARD

The Board meets at least twice yearly. It supervises and approves overall strategic plans, key operational and financial matters, major investment and funding decisions, supervise executive management and ensure that the Company's strategies are in the interest of the Company and its shareholders.

Certain functions have been delegated by the Board to various Board Committees, which operates under clearly defined terms of reference.

The attendance of each director at Board meetings and Board Committee meetings during the financial year ended 30 June 2004 is as follows:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Number of meetings held:	2	2	1	1
Name	Number of Meetings Attended	Number of Meetings Attended	Number of Meetings Attended	Number of Meetings Attended
Cheng Theng Kee	2	NA	NA	NA
Cheng Yong Liang	2	NA	1	1
Ong Teong Wan	2	2	1	1
Chay Yee	2	2	1	1
Mazlan Bin Dato' Harun	2	2	NA	NA
Tan Sri Cheng Heng Jem (Alternate: Juliana Cheng San San)	0	NA	NA	NA

NA : Not Applicable

The Board has delegated day-to-day operations to the management while reserving certain key matters for its approvals. Matters that require Board approval are Group's financial results, interested person transactions, material acquisition and disposal of assets, corporate or financial restructuring, share issuance and dividend payment.

Newly appointed directors are provided orientation and training, if necessary, to enable them to familiarize with the Group's business activities and the relevant regulations and governance requirements.

The directors are updated on the regulations of the SGX-ST, Companies Act and other statutory requirements when and need arises.

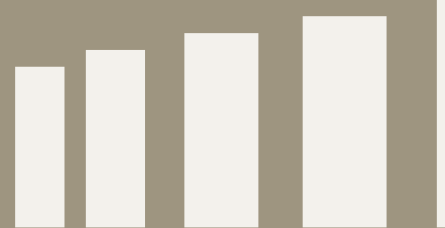
BOARD COMPOSITION AND BALANCE

The Board comprises 6 members, 2 of whom are executives, 2 non-executives and 2 independent. The Directors are professionals in business, commerce and manufacturing. The strong independent element of the Board ensures that it is able to exercise objective and independent judgement on corporate affairs.

The Nominating Committee ("NC"), which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitute an independent director.

The Board is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Company's operations.

The NC is of the view that the current Board comprises directors who as a group provide core competencies such as commerce, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.



CHAIRMAN AND MANAGING DIRECTOR

In compliance of the Code, the Chairman and the Managing Director (“MD”) are separate persons. The Chairman is Mr Cheng Theng Kee, while the MD is Mr Cheng Yong Liang. Both Chairman and MD are related to each other, in that the MD is the son of the Chairman.

The Chairman is responsible for the Board and the Board has been delegated the day-to-day management to the MD. The MD’s role includes reviewing papers or reports prior to their submission to the Board and ensure timely submission of the requisite information. The MD also assists in ensuring compliance with the Company’s guidelines on corporate governance.

BOARD MEMBERSHIP AND BOARD PERFORMANCE

The Nominating Committee (“NC”) comprises 3 directors, 2 of whom, including its Chairman, are Independent Directors. The NC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Mr Cheng Yong Liang

The NC serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating each Board member’s performance. The NC performs the following functions:

1. To recommend appointment and re-appointment of directors in accordance with the Articles of Association of the Company.
2. To re-nominate directors, taking into account the individual director’s contribution and performance.
3. To determine annually whether or not a director is independent, taking into account the relationship a director may have with the company and its related companies.
4. To determine whether or not a director is able to and has been adequately carrying out his/her duties as a director of the company, in the event that a director has multiple board representations.
5. To evaluate the Board’s performance and the contribution by each director to the effectiveness of the Board, and to adopt appropriate measures to assess performance.

At present, the Company’s Articles of Association require one-third of the Directors, including a person holding the office of Managing Director, to retire from office by rotation at each Annual General Meeting.

Key information regarding the Directors is disclosed on pages 6 and 7.

Each member of the Board has and will continue to have full access to the management and records.

ACCESS TO PERSONNEL AND INFORMATION

Prior to each Board meeting, all Directors are provided with Board reports. These reports provide information on the Company’s performance, financial position and significant issues.

All directors are updated on an on-going basis via Board meetings and by way of circulars on matters relating to changes to the regulations of the SGX-ST, Companies Act, accounting standards and other statutory requirements. Each Director may also seek independent professional advice on any Company matters, as he requires.

The phone numbers and email addresses of each director and company secretary have also been provided to facilitate access to any required information.

The Company Secretary attends all board meetings and is responsible to ensure that Board procedures are followed. It is the Company Secretary’s responsibility to ensure that the Company complies with the requirements of the Companies Act.

REMUNERATION MATTERS

The Remuneration Committee ("RC") comprises 3 directors, 2 of whom, including its Chairman, are Independent Directors. The RC members are:

Mr Chay Yee (Chairman)
Mr Ong Teong Wan
Mr Cheng Yong Liang

The RC meets at least once a year and their responsibilities include:

1. Recommend to the Board a framework of remuneration for the directors and key executives.
2. Ensure that the remuneration package are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company has a formal and transparent process for fixing the directors' fees for individual directors, which are subject to shareholders' approval at the Annual General Meeting of the Company.

The RC ensures that the remuneration packages takes into consideration the company's relative performance and the performance of individual directors.

The Company does not have a formal policy in respect of service contracts for its Directors as Directors are subject to re-nomination and re-election at least every 3 years.

Directors' fees are set in accordance with a framework comprising basic fees, board fees and committee fees, which are subject to shareholders' approval at the Annual General Meeting ("AGM") of the Company.

The annual remuneration bands for the Directors and key management staff are set out below:

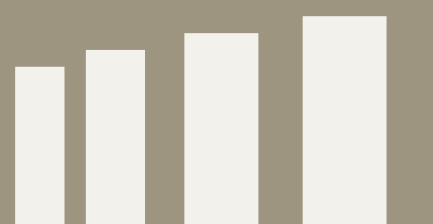
Remuneration Band & Name of Director	Salary ¹ %	Fees %	Bonus %	Benefits in-kind ² %	Total %
Below \$250,000					
Cheng Yong Liang	80	-	14	6	100
Cheng Theng Kee	80	-	13	7	100
Ong Teong Wan	-	100	-	-	100
Chay Yee	-	100	-	-	100
Mazlan Gin Dato' Harun	-	100	-	-	100
Tan Sri Cheng Heng Jem	-	100	-	-	100
Key management					
Below \$250,000					
Freddy Mok	92	-	8	-	100
Cheng Theng How	100	-	-	-	100
Jenny Ng Kim Kwee	100	-	-	-	100
Tan Hui Siang	92	-	8	-	100
Wong Choy Ling	92	-	8	-	100

Note:-

1 Salary includes basic salaries, employer's CPF

2. Benefits-in-kind includes car and club membership

None of the employees of the Company and its subsidiaries whose remuneration exceeds \$150,000 during the year are immediate family members of a director and substantial shareholder.



ACCOUNTABILITY AND AUDIT

It is the aim of the Board to provide shareholders with explanation and assessment of the Group's financial position and prospects. The directors have access to senior management at all times.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises 3 members, 2 of whom, including its Chairman, are Independent Directors. The AC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Encik Mazlan Bin Dato' Harun

The AC meets at least twice a year to perform the following functions:

1. To review with the external auditors the audit plan, and the results of their examination and evaluation of the Group's system of internal accounting controls.
2. To review the Group's financial and operating results and accounting policies.
3. To review, with the internal auditors, the scope and results of the internal audit procedures and to monitor the response to their findings to ensure that appropriate follow-up measures are taken.
4. To review compliance with the corporate governance guidelines on processes and activities adopted by the Board.
5. To review Interested Person Transactions ("IPTs").
6. To make recommendations to the Board on the appointment of the external auditors.

The AC has full access to both the external and internal auditors. The internal audit plan is reviewed by the Audit Committee in consultation with the external auditors.

The AC has also conducted a review of all non-audit services provided by external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

INTERNAL CONTROLS AND INTERNAL AUDIT

The Board is responsible for ensuring that management maintains a sound system of internal controls to safeguard shareholder's investments and the Group's assets.

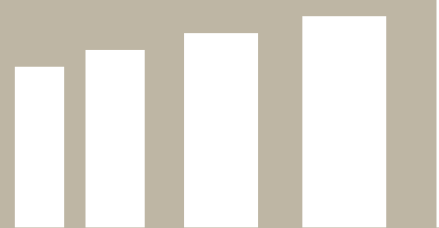
An internal audit team is in place to review, at least once annually, the risks incurred by the Group in its activities and promote continuous improvement to the Group's operations. The internal audit team reports the AC on any material non-compliance and internal control weakness.

The AC reviews, on an annual basis, the adequacy of the internal audit function.

The Board believes that the system of internal controls that has been maintained by the Group's management during the year is adequate to meet the needs of the Group in its current business environment.

RISK MANAGEMENT

An organisational risk management framework has been established by management to formalise and document the internal processes, to enable significant business risks within the Group to be identified, assessed, monitored, managed and evaluated.



The AC has reviewed the Group's risk management process and is satisfied that there are adequate internal controls in place to manage any risks identified.

The risk factors are discussed on page 49 of the Annual Report 2004 under the section on "Notes to the Financial Statements".

Other risk factors

Factors affecting the Group's property development activity in Singapore and Malaysia include the general state of the economy in the country where the project is located, the availability of suitable land banks for future development, level of interest rates and other factors that affect the housing affordability. The prospects for the Group are also dependent upon levels of infrastructure development, which in turn would affect the demand and supply of residential property, timing of development of properties and the property sales price.

In the property investment sector, rental and occupancy rates of industrial space are affected by the state of the Singapore economy, the future supply of industrial spaces and overall rental rates.

In the steel business activity, factors which affect the price of steel include the state of the construction industry, cost of steel scraps and the international demand and supply of rebars.

During periods of slowdown in construction industry, the collection of trade receivables generally takes longer and the rate of default also tends to increase. Any significant default in payment by trade debtors will have a negative impact on our earnings and cash flow position.

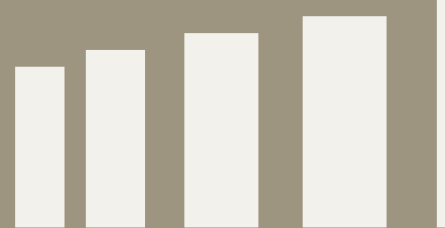
INTERESTED PERSON TRANSACTIONS

Interested person transactions in excess of \$100,000 conducted under the Shareholders' Mandate in compliance with Section 907 of the Listing Manual are as follows:

Name of interested person	For the financial year ended 30 June 2004	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Amsteel Mills Sdn Bhd	\$3,375,000	\$9,635,000
Antara Steel Mills Sdn Bhd	\$6,859,000	\$12,264,000

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interests of each Director or controlling shareholder, which subsisted the end of the financial year.

The AC has confirmed that an independent financial adviser's opinion is not required for the renewal of the Shareholders' Mandate as the methods and procedures for determining the transaction prices of the Interested Person Transactions conducted under the Shareholders' Mandate have not changed since the Shareholders' Mandate was obtained on 11 November 2003, and such methods and procedures continue to be sufficient to ensure that these Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.



COMMUNICATION WITH SHAREHOLDERS

The Company is committed to disseminate effective and fair information to shareholders on a timely basis. Announcement on material information and the release of half-year and full year results are announced within the mandatory period via MASNET onto SGX website.

All shareholders of the Company receive the annual report of the Company and notice of AGM, together with explanatory notes at least 14 working days before the meeting. The notice is also advertised in a national newspaper.

The chairpersons of the Audit, Nominating and Remuneration Committees are present and available to address questions at annual general meetings with the presence of external auditors.

The Company's main forum for dialogue with shareholders takes place at its AGM, whereas members of the Board, senior management and the external auditors are in attendance. At the AGM, shareholders are given the opportunity to air their views and ask questions regarding the Company. The Company's Articles of Association allow a shareholder to appoint one or two proxies to attend and vote at general meetings on his/her behalf.

DEALINGS IN SECURITIES

The Company has adopted a Code of Best Practices on Securities Transactions that is in line with the Best Practices Guide issued by the SGX-ST. All directors and officers of the Company who have access to price sensitive information are prohibited from dealing in securities of the Company prior to the announcement of a matter that involves material unpublished price-sensitive information. They are required to report on all their dealings in securities of the Company to the Company Secretary.

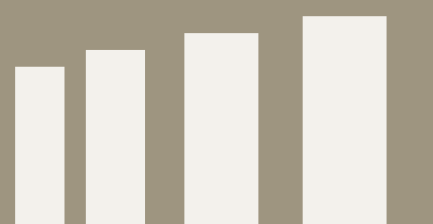
BEST PRACTICE GUIDE

The Board supports the continuing improvement on the Corporate Governance and confirms with the Best Practices Guide issued by SGX-ST.



financial statements

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The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Lion Teck Chiang Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2004 and the balance sheet of the Company as at 30 June 2004.

DIRECTORS

The Directors of the Company in office at the date of this report are :

Cheng Theng Kee	(Chairman)
Cheng Yong Liang	(Managing Director)
Tan Sri Cheng Heng Jem	
Mazlan Bin Dato' Harun	
Ong Teong Wan	
Chay Yee	
Juliana Cheng San San	(Alternate Director for Tan Sri Cheng Heng Jem)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company, as stated below :

Name of Director	Held in the name of Director		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ordinary shares of \$0.50 each				
Cheng Theng Kee	300,000	300,000	53,134,000	53,134,000
Cheng Yong Liang	150,000	150,000	-	-
Tan Sri Cheng Heng Jem	-	-	20,494,000	33,902,000
Mazlan Bin Dato' Harun	-	-	8,332,000	8,332,000
Juliana Cheng San San	12,000	12,000	-	-
Options to subscribe for ordinary shares of \$0.50 each				
Cheng Yong Liang	30,000	-	-	-
Juliana Cheng San San	3,000	-	-	-

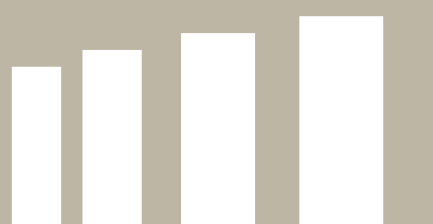
There was no change in any of the above-mentioned interests between the end of financial year and 21 July 2004.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Cheng Theng Kee is deemed to have an interest in shares of the other subsidiary companies of the Company.

Except as disclosed in this report, no Director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations either at the beginning of the financial year, or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.



SHARE OPTIONS

Pursuant to the Lion Teck Chiang Executives' Share Option Scheme, there were no outstanding options at 30 June 2004.

The details of options under the Plan during the year was as follows :

Date of grant	At 1.7.2003	No. of share options			At 30.6.2004	Exercise price	Exercise period
		Granted	Lapsed	Exercised			
5.4.1999	51,000	-	(51,000)	-	-	\$0.50	6.4.2000 to 4.4.2004
	51,000	-	(51,000)	-	-		

During the financial year, no option to take up unissued shares of the Company or its subsidiaries was granted.

AUDIT COMMITTEE

The audit committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

AUDITORS

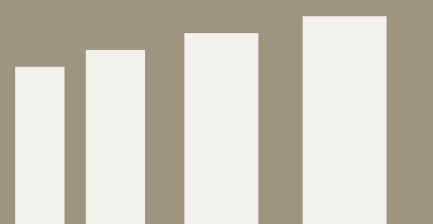
Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
1 September 2004



We, Cheng Theng Kee and Cheng Yong Liang, being two of the Directors of Lion Teck Chiang Limited, do hereby state that, in the opinion of the Directors :

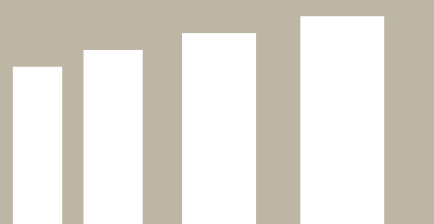
- (a) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2004 and of the results of the business, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
1 September 2004



We have audited the accompanying financial statements of Lion Teck Chiang Limited (the "Company") and its subsidiaries (the "Group") set out on pages 21 to 50 for the year ended 30 June 2004. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

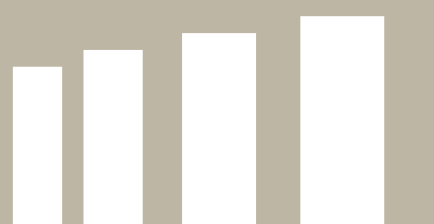
- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2004 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
1 September 2004

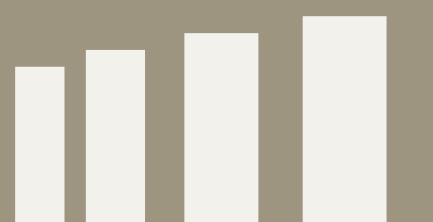
	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Non-current assets					
Investment properties	3	68,000	85,000	-	-
Property, plant and equipment	4	12,854	11,558	1	1
Subsidiary companies	5	-	-	97,001	113,829
Associated company	6	25	24	42	40
Long-term investments	7	3,413	3,541	380	380
Properties under development	8	43,334	52,108	-	-
Current assets					
Completed properties held for sale	9	14,304	22,149	-	-
Stocks	10	25,370	15,571	-	-
Trade debtors	11	15,283	21,108	-	-
Other debtors	12	2,518	1,474	3	189
Amounts due from related parties	13	7,009	3,853	-	-
Fixed deposits		1,533	3,846	-	-
Cash and bank balances		6,721	13,734	9	12
		72,738	81,735	12	201
Current liabilities					
Trade creditors	14	15,342	32,010	-	-
Other creditors	15	4,474	6,216	185	207
Interest-bearing loans and borrowings	16	2,674	2,612	-	-
Amounts due to related parties	13	12,412	5,541	22	23
Provision for taxation		631	1,854	-	-
		35,533	48,233	207	230
Net current assets/(liabilities)		37,205	33,502	(195)	(29)
Non-current liabilities					
Interest-bearing loans and borrowings	16	31,731	39,791	-	-
Deferred taxation	17	1,080	1,352	-	-
		(32,811)	(41,143)	-	-
		132,020	144,590	97,229	114,221
Capital and reserves					
Share capital	18	78,227	78,227	78,227	78,227
Share premium		71,886	71,886	71,886	71,886
Capital reserve		3,404	3,571	-	-
Exchange translation reserve		(11,612)	(10,336)	-	-
Accumulated losses		(23,472)	(11,862)	(52,884)	(35,892)
Shareholders' funds		118,433	131,486	97,229	114,221
Minority interests		13,587	13,104	-	-
		132,020	144,590	97,229	114,221

The accompanying notes form an integral part of the financial statements.



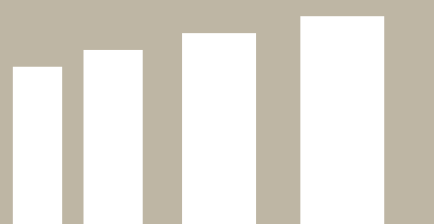
	Note	2004 \$'000	2003 \$'000
Revenues	19	108,384	111,716
Other revenues	20	1,492	627
Total revenues		<u>109,876</u>	<u>112,343</u>
Costs and expenses			
Cost of sales	21	(94,634)	(100,572)
Salaries and employee benefits	22	(2,362)	(2,552)
Depreciation of fixed assets	4	(1,299)	(1,109)
Other operating expenses		<u>(2,946)</u>	<u>(7,423)</u>
Total costs and expenses		<u>(101,241)</u>	<u>(111,656)</u>
Operating profit	23	8,635	687
Finance costs	24	(1,195)	(2,134)
Share of results of associated company		<u>(1)</u>	<u>(1)</u>
Profit/(loss) before taxation and minority interests and exceptional item		7,439	(1,448)
Exceptional item	25	<u>(17,000)</u>	<u>-</u>
Loss before taxation and minority interests		(9,561)	(1,448)
Tax expenses	26	(1,566)	(536)
Minority interests, net of taxes		<u>(483)</u>	<u>960</u>
Net loss for the year		<u>(11,610)</u>	<u>(1,024)</u>
		Cents	Cents
Loss per share			
- Basic and diluted	27	<u>(7.4)</u>	<u>(0.7)</u>

The accompanying notes form an integral part of the financial statements.



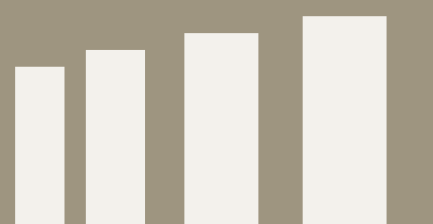
	Note	2004 \$'000	2003 \$'000
SHARE CAPITAL			
Issued and paid-up share capital			
Balance, beginning and end of year	18	<u>78,227</u>	<u>78,227</u>
SHARE PREMIUM			
Balance, beginning and end of year		<u>71,886</u>	<u>71,886</u>
CAPITAL RESERVE			
Revaluation surplus			
Balance, beginning of year		3,571	3,598
Realisation of revaluation surplus based on percentage of completion recognised for properties under development		<u>(167)</u>	<u>(27)</u>
Balance, end of year		<u>3,404</u>	<u>3,571</u>
EXCHANGE TRANSLATION RESERVE			
Balance, beginning of year		(10,336)	(10,223)
Exchange differences on consolidation		<u>(1,276)</u>	<u>(113)</u>
Balance, end of year		<u>(11,612)</u>	<u>(10,336)</u>
ACCUMULATED LOSSES			
Balance, beginning of year		(11,862)	(10,838)
Net loss for the year		<u>(11,610)</u>	<u>(1,024)</u>
Balance, end of year		<u>(23,472)</u>	<u>(11,862)</u>
TOTAL EQUITY		<u>118,433</u>	<u>131,486</u>

The accompanying notes form an integral part of the financial statements.



	2004 \$'000	2003 \$'000
Cash flows from operating activities :		
Operating profit before interest and taxation	8,269	622
Adjustments for :		
Depreciation of fixed assets	1,299	1,109
Gain on disposal of fixed assets	(367)	(52)
Provision for foreseeable losses in value of properties under development	258	542
Impairment loss in value of investments	128	850
Impairment loss in value of completed properties held for sale	250	2,026
Share of results of associated company	1	1
Currency realignment	(1,276)	(126)
Operating profit before reinvestment in working capital	8,562	4,972
Increase in stocks	(9,799)	(11,578)
Decrease in debtors	4,781	2,439
(Decrease)/increase in creditors	(18,410)	23,281
Decrease/(increase) in properties under development	8,349	(2,404)
Decrease in completed properties held for sale	7,595	1,970
Cash generated from operations	1,078	18,680
Interest paid	(1,195)	(2,134)
Income taxes paid	(3,061)	(2,326)
Net cash (used in)/from operating activities	(3,178)	14,220
Cash flows from investing activities :		
Interest received	366	65
Proceeds from disposal of fixed assets	378	113
Purchase of fixed assets	(2,607)	(2,607)
Net cash used in investing activities	(1,863)	(2,429)
Cash flows from financing activities :		
Proceeds from/(repayment of) finance lease obligations	168	(1)
(Repayment of)/proceeds of long-term borrowings	(8,211)	35,778
Repayment of short-term borrowings	(644)	(13,506)
Increase/(decrease) in amounts due to related parties	6,871	(149)
Decrease in amounts due from related parties	(3,156)	(2,976)
Increase in amounts due from associated company	(2)	(23)
Net cash (used in)/from financing activities	(4,974)	19,123
Net (decrease)/increase in cash and cash equivalents	(10,015)	30,914
Cash and cash equivalents at beginning of year (Note 28)	16,330	(14,584)
Cash and cash equivalents at end of year (Note 28)	6,315	16,330

The accompanying notes form an integral part of the financial statements.



1. CORPORATE INFORMATION

Lion Teck Chiang Limited is a limited liability company which is incorporated in Singapore.

The registered office and principal place of business of Lion Teck Chiang Limited is located at 10 Arumugam Road #10-00, Lion Industrial Building, Singapore 409957.

The principal activity of the Company is that of investment holding. The subsidiary companies are primarily engaged in investment holding, property investment and development and steel trading. There have been no significant changes in the nature of these activities during the financial year.

The Company and the Group employed nil and 139 (2003 : nil and 155) employees respectively as of 30 June 2004. The Group operates mainly in Singapore and Malaysia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Cap. 50. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard ("SAS"). The transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements of the Company and the Group have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment, and properties under development.

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous year.

The financial statements are presented in Singapore dollars (SGD or S\$).

(b) *Principles of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies, after the elimination of all material inter-company transactions.

The subsidiary companies are consolidated from the date the Company obtains control until such time as control ceases. Acquisition of subsidiary company is accounted for using the purchase method of accounting. The financial statements of the subsidiary company are prepared for the same reporting period as the Company using consistent accounting policies. Adjustments are made to conform any dissimilar material accounting policies that may exist.

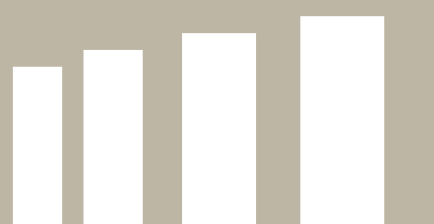
(c) *Investment properties*

Investment properties are those properties which are held on long-term basis for their investment potential and income.

An independent professional valuation is performed once in every three years.

The net surplus or deficit on revaluation is taken to a revaluation reserve account except when the total revaluation reserve is insufficient to cover the deficit, then the amount by which the deficit exceeds the revaluation reserve is charged to the profit and loss account. A surplus on revaluation directly related to a previous deficit arising from the same investment property that was charged to the profit and loss account, will be credited to the profit and loss account to the extent that it offsets the previously recorded deficit.

On the sale of a property, the relevant revaluation surplus shall be credited to the profit and loss account.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to a working condition for its intended use including interests capitalised. Expenditure for additions, improvements and renewals are capitalised, and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account. Any surpluses held in capital reserves in respect of previous revaluations of fixed assets disposed off during the year are regarded as having become realised and are transferred to the profit and loss account.

Revaluations of the Group's properties is stated at Directors' valuation which is based on independent professional valuation on an open market value basis.

Revaluation surpluses arising on valuations of the Group's properties are credited directly to capital reserves. Revaluation deficits are taken to the profit and loss account in the absence of or to the extent that they exceed any surpluses held in reserves relating to previous revaluations.

Leasehold land and buildings are revalued by an independent professional valuer at least once every three years.

(e) Depreciation

Depreciation is computed on the straight line method to write off the cost or valuation of property, plant and equipment over their estimated useful lives. Depreciation charge is computed as from the dates the assets are put into use. No depreciation is provided on construction in progress and freehold land. The estimated useful lives of property, plant and equipment are as follows :

Industrial buildings	- 30 years
Plant and machinery	- 3 - 10 years
Renovation	- 5 - 10 years
Furniture and fittings	- 8 - 10 years
Office equipment	- 5 - 10 years
Electrical fittings	- 3 - 10 years
Computers	- 5 years
Motor vehicles	- 5 - 10 years

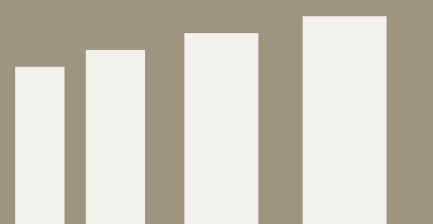
The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected patterns of economic benefits from items of property, plant and equipment. An assessment of the carrying value of property, plant and equipment is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(f) Investment in subsidiary companies

A subsidiary is a company in which the Group and the Company, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

An assessment of investment in subsidiary is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment in associated company

An associated company is an entity, not being a subsidiary, in which the Group has a long-term interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investment in associated company is accounted for under the equity method. Investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of associated company, less any impairment loss. The Group's investment in associated company includes goodwill (net of accumulated amortisation) on acquisition, which is treated in accordance with the accounting policy for goodwill stated below.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued except to the extent of the Group's commitment.

The Group's share of the results of associated company is included in the consolidated profit and loss account. Investment in associated company is stated at cost less any impairment loss in the Company's balance sheet. An assessment of investment in associated company is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

(h) Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair values of identifiable net assets of a subsidiary or associated company at the date of acquisition. Goodwill is amortised using the straight-line basis over a period of 20 years that benefits are expected to be received. The estimated useful life is revised for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is stated at cost less accumulated amortisation and any impairment.

(i) Foreign currency transactions

Monetary assets and liabilities denominated in non-SGD currencies are translated into SGD equivalents using year end foreign exchange rate. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are included in the profit and loss accounts.

Foreign entities

For inclusion in the consolidated financial statements, all assets and liabilities of foreign subsidiary and associated companies are translated into SGD equivalents using year end foreign exchange rate. Revenue and expenses are translated using average foreign exchange rates.

Profits and losses arising from translation of foreign subsidiary and associated companies are taken directly to exchange translation reserve as a separate component of the shareholders' funds until the disposal of the subsidiary and associated companies.

(j) Long-term investments

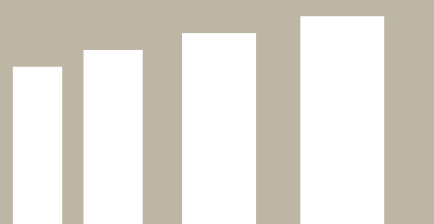
Investments held on a long-term basis are stated at cost. An assessment of long-term investments is performed when there is an indication that the asset has been impaired or the impairment losses recognised in prior years no longer exist.

(k) Properties under development

(i) Properties under development are properties developed for sale. They are stated at the lower of cost and estimated net realisable value. Provision is made for foreseeable losses and for diminution in value where the cost of any property exceeds net realisable value. Cost comprises land cost, development and construction expenditures, and where applicable, finance costs.

Provision for foreseeable losses on properties under development for sale is recognised in the financial statements as soon as the possibility of a loss is ascertained.

(ii) Revenue and profit are recognised on the percentage of completion method. These revenue and profit are brought into the financial statements only in respect of sale agreements finalised and in proportion to the extent of completion of development work undertaken.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Stocks

Stocks are valued at the lower of cost (on a first-in, first-out basis) and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows :

- Raw materials - purchase cost on a first-in, first-out basis; and
- Finished goods - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(m) Trade and other debtors

Trade debtors, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Debts due from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purposes of the consolidated cash flows statement, cash and cash equivalents consist of cash on hand and deposits in bank, net of outstanding bank overdrafts.

(o) Trade and other creditors

Liabilities for trade and other amounts creditors, which are normally settled on 30-90 day terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at cost.

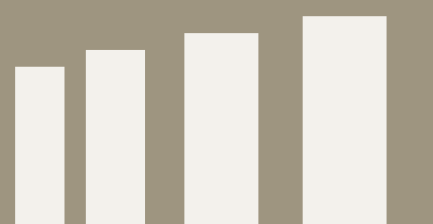
(p) Finance lease

Finance leases, which effectively transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(q) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) *Loans and borrowings*

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received and including acquisition charges associated with the borrowing/loan.

After initial recognition, all interest-bearing loans and borrowings, are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement.

Borrowing costs incurred for property under development are capitalised up to the time when the property is certified by the requisite authority as being fit for occupation.

(s) *Income taxes*

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investment in subsidiary and associated companies, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

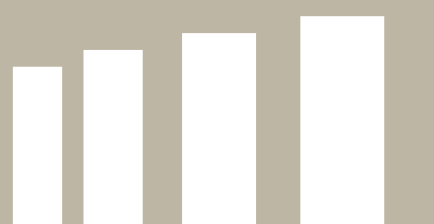
Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(t) *Impairment of assets*

(i) *Financial assets*

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised for the difference between the recoverable amount and the carrying amount as follows :

- For financial assets at amortised cost - the carrying amount of the asset is reduced to its estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is included in the profit and loss account for the period. Reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be objectively related to an event occurring after the write-down. Such reversal is recorded in income. However, the increased carrying amount is only recognised to the extent it does not exceed what amortised cost would have been had the impairment loss not been recognised.
- For financial assets at fair value - where a loss has been recognised directly in equity as a result of the write-down of the asset to recoverable amount, the cumulative gain or loss previously recognised in equity is transferred to the profit and loss account for the period.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) **Impairment of assets (cont'd)**

(ii) *Other assets*

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(u) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer.

Sale of properties under development

Profit is recognised as outlined in paragraph (k) above.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Rental

Rental and related income from investment properties is recognised on the time apportionment basis.

(v) **Segment reporting**

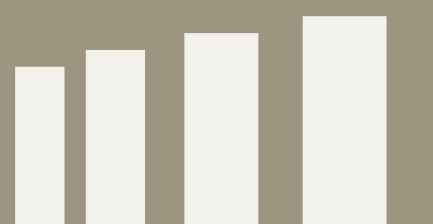
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products within a particular economic environment (geographical segment) that is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Intersegment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

The Group comprises 4 main business segments as follows :

- Steel trading
- Property rental
- Property development
- Investment holdings

The Group operates in 2 principal geographical areas, Singapore and Malaysia. Segment revenue is based on the geographical location of assets.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Employee benefits

Defined contribution plan

As required by law, the Group's subsidiary companies in Singapore and Malaysia make contributions to the state pension scheme, the Central Provident Fund ("CPF") and Employee Provident Fund ("EPF"). CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that give rise to the contribution.

(x) Derivative financial instruments

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its risks associated primarily with foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The foreign exchange forward contracts entered into by the Company are recorded as off-balance sheet items at their notional principal amounts.

Details of the Group's financial risk management objectives and policies are set out in Note 33.

3. INVESTMENT PROPERTIES

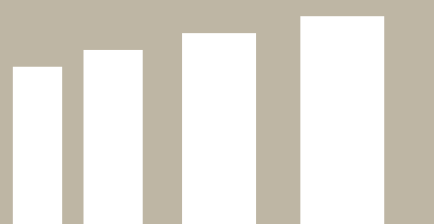
	2004 \$'000	Group 2003 \$'000
Investment properties, at valuation	68,000	85,000

The details of the Group's investment properties are as follows :

	Location	Tenure of land	Approx. site area	Group's effective interest	Description and existing use
(i)	10 Arumugam Road Singapore 409957	Freehold	5,183.3 sq.m.	100%	Lion Industrial Building/Industrial
(ii)	12 Arumugam Road Singapore 409958	Freehold	13,069.2 sq.m.	100%	Cheng Chwee Huat Industrial Building/Industrial
(iii)	14 Arumugam Road Singapore 409959	Freehold	8,279.2 sq.m.	100%	Teck Chiang Realty Building/Industrial
(iv)	16 Arumugam Road Singapore 409961	Freehold	6,697.0 sq.m.	100%	Teck Chiang Industrial Building/Industrial

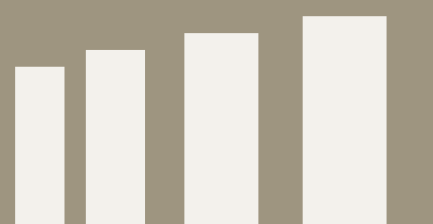
The above investment properties were professionally valued by Knight Frank Pte Ltd on 30 June 2004 at \$68,000,000. The resulting deficit of \$17,000,000 was taken up in the profit and loss account.

Investment properties have been mortgaged to secure various banking facilities as disclosed in Note 16.



4. PROPERTY, PLANT AND EQUIPMENT

Group	Construction in progress \$'000	Industrial buildings \$'000	Plant and machinery \$'000	Renov- ation \$'000	Furniture and fittings \$'000	Office equipment \$'000	Electrical fittings \$'000	Computers \$'000	Motor vehicles \$'000	Total \$'000
Cost and valuation										
At 1 July 2003	2,353	7,905	5,869	592	416	271	32	570	1,073	19,081
Additions	1,833	219	93	-	-	18	-	9	435	2,607
Disposals	-	-	(611)	(23)	-	(17)	(5)	-	(438)	(1,094)
Transfer	(4,141)	3,262	879	-	-	-	-	-	-	-
Currency realignment	-	-	-	(1)	-	(2)	-	-	(2)	(5)
At 30 June 2004	45	11,386	6,230	568	416	270	27	579	1,068	20,589
Representing :										
Cost	45	3,768	6,230	568	416	270	27	579	1,068	12,971
Valuation	-	7,618	-	-	-	-	-	-	-	7,618
	45	11,386	6,230	568	416	270	27	579	1,068	20,589
Accumulated depreciation										
At 1 July 2003	-	1,539	3,820	359	333	183	29	490	770	7,523
Charge for the year	-	374	581	80	21	20	1	38	184	1,299
Disposals	-	-	(602)	(23)	-	(16)	(4)	-	(438)	(1,083)
Currency realignment	-	-	-	(1)	-	(2)	-	-	(1)	(4)
At 30 June 2004	-	1,913	3,799	415	354	185	26	528	515	7,735
Charge for 2003	-	281	516	78	21	26	1	40	146	1,109
Net book value										
At 30 June 2004	45	9,473	2,431	153	62	85	1	51	553	12,854
At 30 June 2003	2,353	6,366	2,049	233	83	88	3	80	303	11,558
Company										
								Computers \$'000		
Cost										
At 1 July 2003								4		
Additions								1		
At 30 June 2004								5		
Accumulated depreciation										
At 1 July 2003								3		
Charge for the year								1		
At 30 June 2004								4		
Charge for 2003								1		
Net book value										
At 30 June 2004								1		
At 30 June 2003								1		



4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Net book value of motor vehicles under hire purchase arrangement at 30 June 2004 is \$431,441 (2003 : \$121,865).
- (b) Net book value of revalued assets if carried at cost less accumulated depreciation amounts to \$4,015,717 (2003 : \$4,197,801).
- (c) The following is the land and building held by the Group :

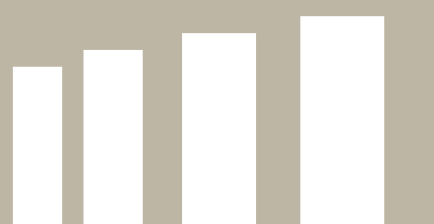
Location	Description	Approx. site area	Tenure of land
20 Woodlands Loop, Singapore	Factory and office building	11,203 sq.m.	30-year leasehold commencing 1 October 1994
22 Woodlands Loop, Singapore	Plant	9,007 sq.m.	30-year leasehold commencing 1 September 2002

The land and building at 20 Woodlands Loop was professionally valued by Knight Frank Pte Ltd and CB Richard Ellis (Pte) Ltd on 17 April 2000 and 10 August 2000 respectively. The valuations were performed on an open market value basis. The surplus of \$2.2 million arising from the valuations was credited to capital reserve as at 30 June 2000.

5. SUBSIDIARY COMPANIES

	Company	
	2004 \$'000	2003 \$'000
Unquoted equity investments, at cost	130,070	130,070
Less: Impairment loss	(46,439)	(29,576)
	83,631	100,494
Amounts due from subsidiary companies	38,042	38,058
Less: Allowance for doubtful debts	(15,400)	(15,400)
	22,642	22,658
Amounts due to subsidiary companies	(9,272)	(9,323)
	<u>97,001</u>	<u>113,829</u>

The amounts due from and to subsidiary companies are non-trade related, unsecured, interest-free and are not due for repayment within the next twelve months.



6. ASSOCIATED COMPANY

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unquoted equity investments, at cost	-	-	-	-
Share of net post-acquisition reserves	(17)	(16)	-	-
Amount due from associated company	42	40	42	40
	<u>25</u>	<u>24</u>	<u>42</u>	<u>40</u>

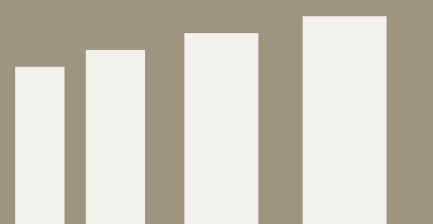
The amount due from associated company, Teck Chiang Investment Pte Ltd, is non-trade related, unsecured, interest free and not due for repayment within the next twelve months.

7. LONG-TERM INVESTMENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unquoted equity investments, at cost	7,595	7,595	380	380
Less: Impairment loss	(4,249)	(4,249)	-	-
	<u>3,346</u>	<u>3,346</u>	<u>380</u>	<u>380</u>
Club memberships	313	313	-	-
Less: Impairment loss	(246)	(118)	-	-
	<u>3,413</u>	<u>3,541</u>	<u>380</u>	<u>380</u>

8. PROPERTIES UNDER DEVELOPMENT

	Group	
	2004 \$'000	2003 \$'000
Land	32,947	33,908
Interest capitalised	4,108	3,868
Development costs	<u>53,003</u>	<u>35,560</u>
	<u>90,058</u>	<u>73,336</u>
Attributable profit	15,907	8,201
	<u>105,965</u>	<u>81,537</u>
Allowance for foreseeable losses	(800)	(542)
	<u>105,165</u>	<u>80,995</u>
Progress billings	(61,831)	(28,887)
	<u>43,334</u>	<u>52,108</u>



8. PROPERTIES UNDER DEVELOPMENT (CONT'D)

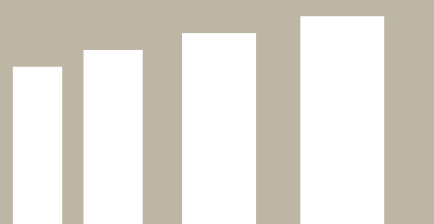
The following expenses incurred during the year have been capitalised in properties under development :

	Group	
	2004 \$'000	2003 \$'000
Property tax	30	57
Interest expense	240	462

As at 30 June 2004, a parcel of the above land recorded in the book of a subsidiary company has not yet been registered under the subsidiary company's name. The land and development costs, net of progress billings and attributable profits incurred on this piece of land amounted to \$1,854,771 (2003 : \$1,864,762).

The properties under development are mortgaged as detailed in Note 16 to the financial statements. The details of the Group's properties under development are as follows :

Property	Tenure of land	Percentage of completion at 30.6.2004/ expected date of completion	Site area/ gross floor area	Group's effective interest	Description and existing use
Malaysia					
(i) Kawasan Bandar XLII District of Melaka Tengah	99 years lease (expiring in 2090)	Planning stage	3.4 acres/ 1.97 hectare	100%	48 units of 4-storey shop apartment
(ii) HS(D) 27705 Lot 5836 Mukim of Plentong, District of Johor Bahru	Freehold	84% Nov 2004	3 acres/ 0.65 hectare	100%	33 units of terrace houses
(iii) Lot 8243 (formerly Lot 1916) Mukim Tanjung Duabelas, District of Kuala Langat Selangor	Freehold	Planning stage	455.14 acres	100%	Residential, commercial & industrial land
(iv) Lot 3066 & 3067 Mukim of Tebrau District of Johor Bahru, Johor	Freehold	17% Dec 2004 Planning stage	35.11 acres/ 8.25 hectares	100%	Hypermarket 180 units double storey terrace houses, 48 units shophouses, 154 units low cost flats



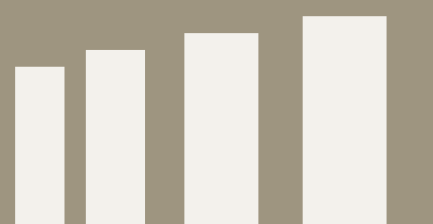
8. PROPERTIES UNDER DEVELOPMENT (CONT'D)

Property	Tenure of land	Percentage of completion at 30.6.2004/ expected date of completion	Site area/ gross floor area	Group's effective interest	Description and existing use
Malaysia (cont'd)					
(v) Lot 1644, 1645, 1647 & 1648 Mukim of Tanjung Dua Belas Daerah Kuala Langat Selangor	Freehold	94% July 2004	111.12 acres/ 13.06 hectares	100%	900 units single storey terrace houses
		93% July 2004			248 units double storey terrace houses
		Planning stage			47 units double storey terrace houses, 480 units low cost flats, 32 units low cost shops
Singapore					
(vi) Lot 98769V Mukim 25 Goodman Road, Singapore	Freehold	85% March 2005	1,958.3 sq m/ 1,734.0 sq m	100%	3 units of double storey detached houses

Items (i) and (ii) were professionally valued by C H Williams Talhar & Wong Sdn Bhd on 5 December 1994 and 17 November 1994 respectively. Item (iii) was professionally valued by Appraisal (Malaysia) Sdn Bhd on 28 November 1994.

9. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2004 \$'000	2003 \$'000
Freehold and leasehold land	5,953	11,295
Construction costs	8,777	12,804
Interest capitalised	1,986	3,780
Less: Allowance for foreseeable losses	(2,412)	(5,730)
	<u>14,304</u>	<u>22,149</u>



9. COMPLETED PROPERTIES HELD FOR SALE (CONT'D)

The details of the Group's completed properties held for sale are as follows :

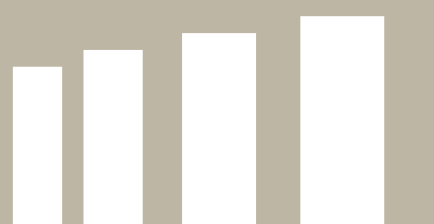
Property	Tenure of land	Site area/ gross floor area	Group's effective interest	Description and existing use
Malaysia				
(i) Kawasan Bandar XLII District of Melaka Tengah	99 years lease (expiring in 2090)	19.9 acres/ 12.08 hectare	100%	280 units of 4-storey shop/office
Singapore				
(ii) Lot 3817 Mukim 25 Dunman Road Singapore	Freehold	3412.4 sq m/ 8648.2 sq m	100%	69 units of 18-storey residential flat

10. STOCKS

	Group	
	2004 \$'000	2003 \$'000
Trading stocks	25,095	15,422
Goods in transit	–	28
Finished goods	246	85
Remnant	29	36
	<u>25,370</u>	<u>15,571</u>
Stocks are made up as follows :		
Cost	275	149
Net realisable value	<u>25,095</u>	<u>15,422</u>
	<u>25,370</u>	<u>15,571</u>

11. TRADE DEBTORS

	Group	
	2004 \$'000	2003 \$'000
Trade debtors are stated after deducting provision for doubtful debts of	<u>1,397</u>	<u>1,425</u>
Bad debts written off directly to the profit and loss account	<u>–</u>	<u>60</u>



12. OTHER DEBTORS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Deposits	1,490	277	-	-
Prepayments	567	746	3	189
Prepaid tax	445	407	-	-
Staff advances	-	3	-	-
Sundry debtors	16	41	-	-
	<u>2,518</u>	<u>1,474</u>	<u>3</u>	<u>189</u>

13. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade related	6,918	3,585	-	-
Non-trade related (a)	91	268	-	-
	<u>7,009</u>	<u>3,853</u>	<u>-</u>	<u>-</u>
Trade related	(11,752)	(4,936)	-	-
Non-trade related (b)	(660)	(605)	(22)	(23)
	<u>(12,412)</u>	<u>(5,541)</u>	<u>(22)</u>	<u>(23)</u>

Trade amounts are unsecured, interest free and repayable within trade credit terms.

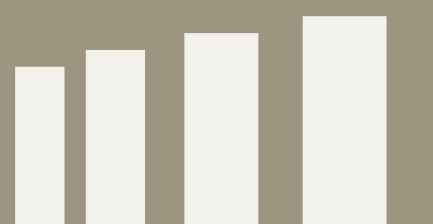
(a) Non-trade amounts are unsecured, interest free and have no fixed terms of repayment.

(b) Non-trade amounts are unsecured and have no fixed terms of repayment and includes an amount of \$634,846 (2003 : \$410,217) that bears interest of 8% (2003 : 8%) per annum.

14. TRADE CREDITORS

	Group	
	2004 \$'000	2003 \$'000
Trade creditors	5,803	5,509
Bills payable, unsecured	9,539	26,501
	<u>15,342</u>	<u>32,010</u>

Bill payable of the Group is secured by letters of set-off, bear interest ranging from 0.75% to 2.88% (2003 : 0.75% to 5.50%) per annum and matures on ranging from 25 September 2004 to 28 October 2004 (2003 : 21 July 2003 to 7 November 2003).



15. OTHER CREDITORS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Accruals	862	748	185	207
Accrued development cost	2,289	2,359	-	-
Provision for late deliverables	308	204	-	-
Deposits received	48	929	-	-
Sundry creditors	967	1,976	-	-
	<u>4,474</u>	<u>6,216</u>	<u>185</u>	<u>207</u>

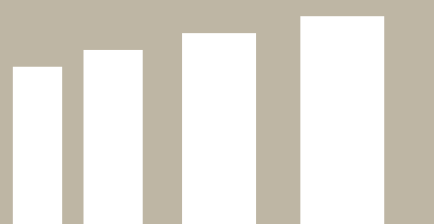
16. INTEREST-BEARING LOANS AND BORROWINGS

	Group	
	2004 \$'000	2003 \$'000
Payable within 12 months :		
Bank overdraft, secured (Note 28)	1,939	1,250
Bank loan, secured	200	200
Term loan, secured	-	644
Revolving credit facility, secured	500	500
Lease liabilities, secured (Note 30)	35	18
	<u>2,674</u>	<u>2,612</u>
Payable after 12 months :		
Bank loan, secured	3,765	10,291
Revolving credit facility, secured	27,815	29,500
Lease liabilities, secured (Note 30)	151	-
	<u>31,731</u>	<u>39,791</u>

Bank loans amounting to \$2,737,000 and \$1,228,000 (2003 : \$6,587,000 and \$3,904,000) are secured on certain completed properties and properties under development of the Group respectively. These loans bear interest at 5.25% to 5.5% (2003 : 5.25% to 5.75%) per annum. They are repayable on 31 December 2007 and 23 April 2005 respectively.

The bank overdraft and revolving credit facility of \$1,939,000 and \$28,315,000 (2003 : \$1,250,000 and \$30,000,000) are secured on the first legal mortgage over the Group's investment properties, first equity mortgage on 11,518,000 of Lion Teck Chiang Ltd's share in Angkasa Hong Leong Pte Ltd and assignments guarantees of certain Directors. They bear an interest rate of 3.41% to 5.25% (2003 : 3.17% to 5.25%) per annum and are repayable on demand and on 19 March 2006 respectively.

The term loan is secured by the Group's landed properties, bears interest at 8.4% (2003 : 8.4%) per annum and had been fully repaid during the year.



17. DEFERRED TAXATION

	Group	
	2004 \$'000	2003 \$'000
At 1 July	1,352	1,567
Written back during the year	(216)	(206)
Reversal based on percentage of completion on amount previously capitalised in properties under development	(50)	(8)
Currency realignment	(6)	(1)
At 30 June	<u>1,080</u>	<u>1,352</u>
The deferred taxation arises as a result of :		
Deferred tax liabilities		
- revaluation of assets	566	694
- excess of net book value over tax written down value	775	811
- other timing differences	(261)	(47)
	<u>1,080</u>	<u>1,458</u>
Deferred tax assets - provision	<u>-</u>	<u>(106)</u>
	<u>-</u>	<u>(106)</u>
Net deferred tax liabilities	<u>1,080</u>	<u>1,352</u>

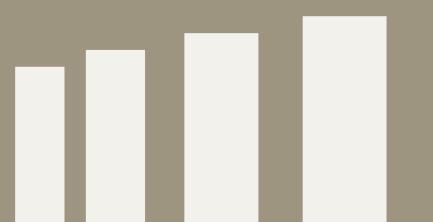
The Group has recognised the deferred tax assets due to the foreseeable future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

18. SHARE CAPITAL

	Company	
	2004 \$'000	2003 \$'000
Authorised :		
200,000,000 ordinary shares of \$0.50 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid :		
Balance at beginning and end of year :		
156,453,000 ordinary shares of \$0.50 each	<u>78,227</u>	<u>78,227</u>

At the end of the financial year, there were Nil (2003 : 51,000) unissued shares in the Company under the Lion Teck Chiang Executives' Share Option Scheme. Details of the unissued shares of the Company under options at the end of the financial year are indicated on page 18 of the Directors' Report under "Share Options".

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.



19. REVENUES

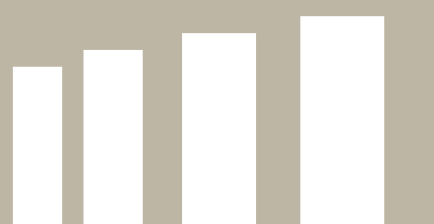
	2004 \$'000	Group 2003 \$'000
Revenues consisted of the following :		
Sale of goods	64,286	86,869
Sale of properties under development	41,332	10,984
Sale of land	–	10,867
Dividend income from other quoted investments	81	83
Rental and service revenue	2,685	2,913
	<u>108,384</u>	<u>111,716</u>

20. OTHER REVENUES

	2004 \$'000	Group 2003 \$'000
Other revenues included the following :		
Gain on disposal of fixed assets	367	52
Interest income from :		
- Fixed deposits	9	13
- Others	357	52
Forfeiture of deposits	105	133
	<u>105</u>	<u>133</u>

21. COST OF SALES

	2004 \$'000	Group 2003 \$'000
Included in cost of sales are the following items :		
Cost of goods sold	59,840	76,610
Foreign exchange (gain)/loss	(268)	814
Staff and related costs	814	1,386
Operating lease expenses	412	421
	<u>412</u>	<u>421</u>



22. SALARIES AND EMPLOYEE BENEFITS

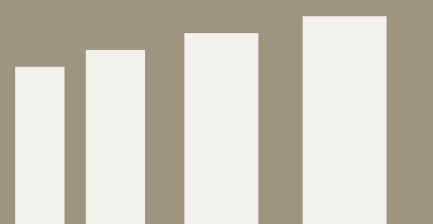
	Group	
	2004 \$'000	2003 \$'000
Directors of the Company and its subsidiary companies		
- Directors' remuneration	373	374
- Directors' CPF contributions	17	19
Directors of subsidiary companies		
- Directors' remuneration	106	140
- Directors' CPF contributions	10	12
Staff costs		
- CPF and other defined contributions	172	204
- Salaries and other benefits	1,684	1,803
	<u>2,362</u>	<u>2,552</u>

The remuneration is paid to Directors in their capacity as employees.

	Number of Directors	
	2004	2003
Number of Directors in remuneration bands :		
Below \$250,000	<u>6</u>	<u>6</u>

23. OPERATING PROFIT

	Group	
	2004 \$'000	2003 \$'000
Operating profit is stated after charging :		
Auditors' remuneration		
- Current year	140	145
- Underprovision in prior years	17	20
Non-audit fees paid to auditors of the Company	20	-
Other auditors	6	8
Directors' fees	79	109
Impairment loss in value of investments	128	850
Impairment loss in value of completed properties	250	2,026
Foreign exchange gain, net	(181)	(19)
Provision for foreseeable losses in value of properties under development	<u>258</u>	<u>542</u>



24. FINANCE COSTS

	2004 \$'000	Group	2003 \$'000
Interest on amounts due to related parties	40		24
Interest on bank loans	–		420
Interest on bank overdrafts	15		1,309
Interest on revolving credit facilities	879		31
Interest on hire purchase	4		2
Interest on trust receipts	253		330
Others	4		18
	<u>1,195</u>		<u>2,134</u>

25. EXCEPTIONAL ITEM

	2004 \$'000	Group	2003 \$'000
Deficit on revaluation of investment properties	<u>17,000</u>		<u>–</u>

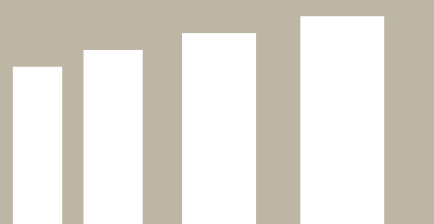
26. TAXATION

	2004 \$'000	Group	2003 \$'000
Major components of income tax expense for the year ended 30 June were :			
Current taxation :			
Singapore	62		214
Foreign	2,046		1,501
Overprovision in respect of prior years :			
Current taxation	(326)		(973)
Deferred taxation	(216)		(206)
	<u>1,566</u>		<u>536</u>

No tax provision is made for the year ended 30 June 2004 as the Company has no chargeable income.

Group tax relief is available with effect from Year of Assessment 2004 for the Singapore incorporated holding company and all its Singapore incorporated subsidiary companies with at least 75% ownership equity, directly or indirectly (exclude any foreign shareholdings in the ownership chain) held by Singapore incorporated companies within the Group. Current year's unabsorbed tax losses and capital allowances are available to be set off against profitable companies within the Group in accordance with the rules.

One of the Company's subsidiary company intends to transfer unabsorbed trade losses of approximately \$126,000 (2003 : \$121,000) to the other subsidiary companies under the group relief system without receiving any payment, subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore. The current year tax expense of the Group is net of the tax effect of the unabsorbed trade losses transferred.



26. TAXATION (CONT'D)

After the transfer of the unabsorbed trade losses as mentioned above, the Group has unabsorbed tax losses and capital allowance amounting to approximately \$29,309,000 and \$318,000 respectively (2003 : \$25,600,000 and \$1,078,000) available for offset against future taxable income subject to the agreement of Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The deferred tax benefit relating to these trade losses of approximately \$5,862,000 (2003 : \$5,632,000) has not been realised in the financial statements as its realisation is not certain at this juncture.

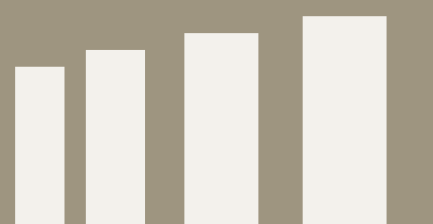
As at 30 June 2004, the Company has investment in subsidiary and associated companies with net carrying value of \$97,186,000 and \$43,000 (2003 : \$113,829,000 and \$40,000) for which deferred tax liabilities of approximately \$19,437,000 and \$8,000 (2003 : \$25,042,000 and \$9,000) respectively has not been recognised.

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax is as follows :

	Group	
	2004 \$'000	2003 \$'000
Accounting loss	(9,561)	(1,448)
Tax at statutory rate of 20% (2003 : 22%)	(1,912)	(318)
Tax effect on expenses not deductible in determining taxable profit	3,828	902
Tax effect on income not taxable in determining taxable profit	(35)	(7)
Tax effect on statutory stepped income exemption/rebate	-	(10)
Overprovision of tax in respect of prior years	(657)	(974)
Tax effect on different tax rate of other countries	541	264
Tax effect on benefit from operating losses not recorded	559	670
Tax effect on tax asset not recognised	(758)	-
Others, net	-	9
	<u>1,566</u>	<u>536</u>

27. LOSS PER SHARE

	Group	
	2004 \$'000	2003 \$'000
Net loss attributable to ordinary shareholders	(11,610)	(1,024)
Weighted average number of ordinary shares for calculation of basic and fully diluted earnings per share ('000)	<u>156,453</u>	<u>156,453</u>
	Cents	Cents
Loss per share - basic	<u>(7.4)</u>	<u>(0.7)</u>



28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balance sheet amounts :

	Group	
	2004 \$'000	2003 \$'000
Cash and bank balances	6,721	13,734
Fixed deposits	1,533	3,846
Bank overdraft, secured (Note 16)	(1,939)	(1,250)
	6,315	16,330

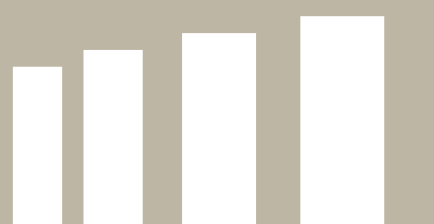
The effective interest rate on fixed deposits ranged from 0.125% to 2.2% (2003 : 0.313% to 4%) per annum. The maturity dates of these deposits are ranging from 1 July 2004 to 31 July 2004 (2003 : 1 July 2003 to 31 July 2003).

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The following are the related party transactions entered into by the Group and the Company :

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Accounting fee paid	8	8	-	8
Management fee paid	109	109	109	109
Purchases	34,225	26,054	-	-
Transport charges	-	807	-	-
Rental expense	-	-	22	24
Commission received	(37)	(29)	-	-
Rental and service income	(180)	(184)	-	-
Sale of property to a Director of a subsidiary company	(3,528)	-	-	-
	(3,528)	-	-	-



30. COMMITMENTS AND CONTINGENCIES

(i) Finance lease commitments :

The future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows :

	Minimum payments 2004 \$'000	Present value of payments 2003 \$'000	Minimum payments 2004 \$'000	Present value of payments 2003 \$'000
Within one year	39	35	18	18
After one year but not more than five years	146	128	-	-
After five years	27	23		
Total minimum lease payments	212	186	18	18
Less: Amount representing finance charges	(26)	-	-	-
Present value of minimum lease payments	186	186	18	18

(ii) Operating lease commitments :

Rental expenses (principally for warehouse and factory) for the year were \$390,711 (2003 : \$398,000) for the Group.

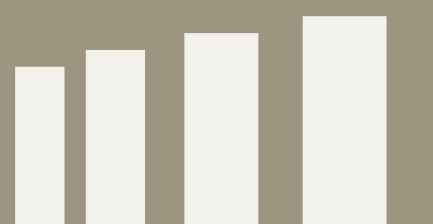
Future minimum rental under non-cancellable leases are as follows :

	Group	
	2004 \$'000	2003 \$'000
Within one year	500	500
After one year but not more than five years	1,961	1,961
More than five years	9,527	10,018
	11,988	12,479

(iii) Capital commitments and forward exchange contracts :

Capital expenditure not provided for in the financial statements :

	Group	
	2004 \$'000	2003 \$'000
Commitments in respect of contracts placed	14,256	10,267
As at the end of the financial year, the Group has the following outstanding foreign exchange forward contract commitments for the purpose of hedging against currency fluctuations in connection with payment of overseas trade creditors.		
To sell United States dollars for Singapore dollars	1,704	18,358
Unrealised foreign exchange gain not accounted for	6	206



30. COMMITMENTS AND CONTINGENCIES (CONT'D)

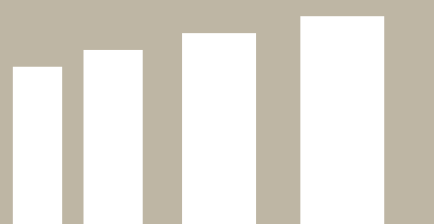
(iv) Contingent liabilities :

	Company	
	2004 \$'000	2003 \$'000
Guarantees given by the Company to banks in connection with bank facilities provided to subsidiary companies	56,037	56,037
Amount utilised in respect of guarantees issued at 30 June 2004	34,219	41,741

31. SEGMENT INFORMATION

Business segments

	Steel trading		Property development		Property rental		Investment holding		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue												
Sales to external customers	64,286	86,869	41,332	21,851	2,685	2,913	-	-	-	-	108,303	111,633
Investment income	-	-	-	-	-	-	81	83	-	-	81	83
Intersegment sales	-	-	-	-	22	24	-	-	(22)	(24)	-	-
Other revenue	596	153	564	299	329	162	3	13	-	-	1,492	627
Total revenues	64,882	87,022	41,896	22,150	3,036	3,099	84	96	(22)	(24)	109,876	112,343
Segment results	1,046	(1,520)	7,347	4,764	1,065	1,406	(187)	(545)	-	-	9,271	4,105
Impairment loss in value of investment	-	-	-	-	-	-	(128)	(850)	-	-	(128)	(850)
Impairment loss in value of completed properties held for sales and properties under development	-	-	(508)	(2,568)	-	-	-	-	-	-	(508)	(2,568)
Operating profit											8,635	687
Finance costs											(1,195)	(2,134)
Share of results of associated company											(1)	(1)
Exceptional item											(17,000)	-
Loss before tax											(9,561)	(1,448)
Taxation											(1,566)	(536)
Minority interests											(483)	960
Net loss for the year											(11,610)	(1,024)
Significant non-cash expenses												
Depreciation of property, plant and equipment	1,072	915	5	11	218	162	4	21	-	-	1,299	1,109
Capital expenditure	2,109	2,402	-	-	497	204	1	1	-	-	2,607	2,607
Assets and liabilities												
Segment assets	49,998	55,983	85,366	96,061	71,738	88,311	26,511	27,023	(33,274)	(33,436)	200,339	233,942
Investment in associated company	-	-	-	-	-	-	25	24	-	-	25	24
Total assets											200,364	233,966
Segment liabilities	21,810	28,626	12,397	24,714	54,926	55,338	10,774	10,928	(33,274)	(33,436)	66,633	86,170
Tax liability											1,711	3,206
Total liabilities											68,344	89,376



31. SEGMENT INFORMATION (CONT'D)

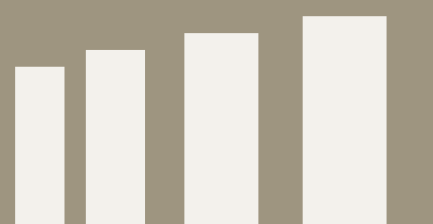
Geographical segments

	Singapore		Malaysia		Other Asian Countries		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue										
Sales to external customers	80,620	92,029	27,683	19,604	-	-	-	-	108,303	111,633
Investment income	81	83	-	-	-	-	-	-	81	83
Inter-segment sales	22	24	-	-	-	-	(22)	(24)	-	-
Other revenue	925	323	564	299	3	5	-	-	1,492	627
Total revenues	81,648	92,459	28,247	19,903	3	5	(22)	(24)	109,876	112,343
Other geographical information :										
Segment assets	136,292	167,190	73,084	75,811	277	432	(9,289)	(9,467)	200,364	233,966
Capital expenditure	2,607	2,607	-	-	-	-	-	-	2,607	2,607

32. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary and associated companies at 30 June are :

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held	
		2004 \$'000	2003 \$'000	2004 %	2003 %
Subsidiary companies					
* Che Kiang Realty Sdn Bhd (Malaysia)	Property development (Malaysia)	42,070	42,070	100	100
Teck Chiang Realty Private Limited (Singapore)	Investment holding, property investment and development and general merchants (Singapore)	73,000	73,000	100	100
Angkasa Hong Leong Pte Ltd (Singapore)	Importers, exporters and distributors of steel and iron products and commission agents (Singapore)	15,000	15,000	50 plus 1 share	50 plus 1 share
LTC Telecommunications Pte Ltd (Singapore)	Investment holding (Singapore)	-	-	100	100
LTC Building Materials Pte Ltd (Singapore)	Steel trading (Singapore)	-	-	100	100



32. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held	
		2004 \$'000	2003 \$'000	2004 %	2003 %
Teck Chiang (International) Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
Angkasa Welded Mesh Pte Ltd (Singapore)	Dormant (Singapore)	**	**	51	51
Lion Venture Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
# Guangzhou Lion Communication Development Co Ltd (The People's Republic of China)	Investment in telecommunication business (The People's Republic of China)	**	**	60	60
Associated company					
Teck Chiang Investment Pte Ltd (Singapore)	Investment holding (Singapore)	-	-	50	50

* Audited by Ernst & Young, Malaysia (associate firm of Ernst & Young, Singapore).

** The shareholdings of these companies are held indirectly through subsidiary companies of the Company.

Not required to be audited in the country of incorporation.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk.

The Directors review and agree policies for managing each of these risks and they are summarised below :

Interest rate risk

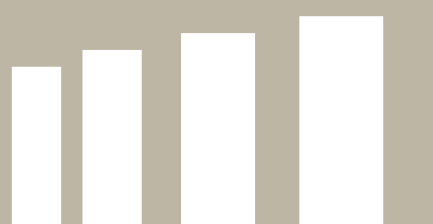
The Group's exposure to interest rate risk relates primarily to its bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Liquidity risk

Funding for the Company and the Group is obtained from interest-bearing loans from banks, overdraft and credit facilities.

Foreign currency risk

The Group uses forward foreign exchange contracts with maturities of up to 12 months to hedge its forecasted purchases of steel from overseas suppliers denominated in United States dollars.



33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

The carrying amount of investments, trade and other receivables as of 30 June 2004 represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk. Derivative instruments are entered into and cash is placed with reputable financial institutions.

Fair values

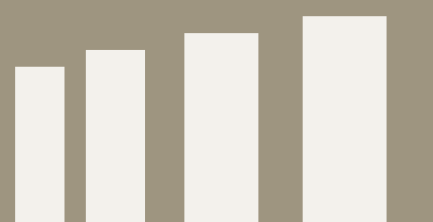
The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, and short term loans approximate their fair values due to their short-term nature.

The present value of lease payments, as disclosed in Note 30, approximates the fair value of hire purchase creditors.

In the Directors' opinion, it is not practicable to determine the fair values of long term loans with sufficient reliability because they have no fixed repayment terms.

The fair value of forward foreign exchange contracts which are not carried at fair value in the financial statements is as follows :

	Total notional amount		Group	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Forward foreign exchange contracts	1,704	18,358	6	206

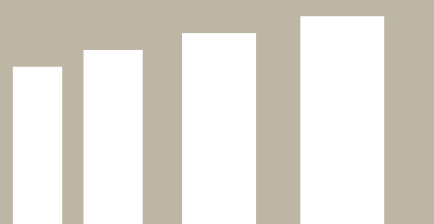


Authorised share capital	: S\$100,000,000
Issued and fully paid capital	: S\$78,226,500
Class of shares	: Ordinary shares of S\$0.50 each
Voting Rights	: 1 Vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	1,166	9.59	354,004	0.23
1,000 - 10,000	10,342	85.07	18,873,932	12.06
10,001 - 1,000,000	638	5.25	28,529,264	18.23
1,000,001 & above	11	0.09	108,695,800	69.48
TOTAL	12,157	100.00	156,453,000	100.00

Top Twenty Shareholders as at 22 September 2004	No. of Shares	%
Lion Investment (Singapore) Private Limited	53,100,000	33.94
United Overseas Bank Nominees Pte Ltd	11,345,000	7.25
Lion Realty Private Limited	9,950,000	6.36
Fraser Securities Pte Ltd	8,332,000	5.33
Lion Enterprise (Kuala Lumpur) Sdn Bhd	8,250,000	5.27
The Brooklands Selangor Rubber Co. Limited	5,583,000	3.57
Andalas Development Sdn Bhd	4,961,000	3.17
Umatrac Enterprises Sdn Bhd	3,275,000	2.09
Mayban Nominees (S) Pte Ltd	1,700,000	1.09
OCBC Securities Private Limited	1,120,400	0.72
DBS Nominees Pte Ltd	1,079,400	0.69
Yim Chee Tong	948,000	0.61
Ching Kwong Yew	851,000	0.54
Quek Kai Chuan	838,000	0.54
Ng Chwee Cheng	708,000	0.45
Tan Boon Kay	674,000	0.43
Thiang Thin Poh Joseph	650,000	0.41
Tan Hock Seong	460,800	0.29
Morph Investments Ltd	460,000	0.29
Tiang Teng Hoong Richard @ Teo Teng Hoong Richard	402,000	0.26
	114,687,600	73.30

On the basis of the information available to the Company, approximately 33% of the equity securities of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST, which requires at least 10% of a listed issuer's equity securities to be held by the public.



	Number of shares of S\$0.50 each fully paid-up			
	Direct Interest	Deemed interest	No. of Shares	Percentage
Lion Investment (Singapore) Pte Ltd	53,100,000	33.94	–	–
Datuk Cheng Yong Kim ⁽²⁾	50,000	0.03	53,100,000	33.94
Lion Realty Private Limited ⁽³⁾	9,950,000	6.36	23,952,000	15.31
Lion Holdings Sdn Bhd ⁽⁴⁾	9,950,000	6.36	–	–
Angkasa Marketing (Singapore) Pte Ltd ⁽⁵⁾	10,000,000	6.39	–	–
The Brooklands Selangor Rubber Company Limited ⁽⁶⁾	5,583,000	3.57	4,961,000	3.17
Bidara Holdings Sdn Bhd ⁽⁷⁾	8,332,000	5.33	–	–
Cheng Theng Kee ⁽¹⁾	300,000	0.19	53,134,000	33.96
Tan Sri Cheng Heng Jem ⁽⁸⁾	–	–	33,902,000	21.67
Lancaster Trading Company Limited ⁽⁹⁾	–	–	9,950,000	6.36
William Cheng Sdn Bhd ⁽⁹⁾	–	–	9,950,000	6.36
Utara Enterprise Sdn Bhd ⁽⁹⁾	–	–	9,950,000	6.36
Akurjaya Sdn Bhd ⁽¹⁰⁾	–	–	10,544,000	6.74
Amsteel Corporation Berhad ⁽¹¹⁾	–	–	23,919,000	15.29
Lion Corporation Berhad ⁽¹²⁾	–	–	23,952,000	15.31
Horizon Towers Sdn Bhd ⁽³⁾	–	–	23,952,000	15.31
Lion Development (Penang) Sdn Bhd ⁽³⁾	–	–	23,952,000	15.31
Mazlan Bin Dato' Harun ⁽¹³⁾	–	–	8,332,000	5.33
LDH (S) Pte. Ltd ⁽¹⁴⁾	–	–	23,952,000	15.31
Lion Diversified Holdings Berhad ⁽¹⁴⁾	–	–	23,952,000	15.31
LLB Steel Industries Sdn Bhd ⁽¹⁴⁾	–	–	23,952,000	15.31
Steelcorp Sdn Bhd ⁽¹⁴⁾	–	–	23,952,000	15.31
Amsteel Mills Sdn Bhd ⁽¹⁴⁾	–	–	23,952,000	15.31
Lion Industries Corporation Berhad ⁽¹⁵⁾	33,000	0.02	23,919,000	15.29

Notes:-

- (1) Mr Cheng Theng Kee is deemed to be interested in 53,134,000 shares comprising 53,100,000 shares held by Lion Investment (Singapore) Pte Ltd and 34,000 shares held by his spouse, Madam Chen Shok Ching.
- (2) Datuk Cheng Yong Kim, who is a son of Mr Cheng Theng Kee, is deemed to be interested in 53,100,000 shares held by Lion Investment (Singapore) Pte Ltd.
- (3) Lion Realty Private Limited, Horizon Towers Sdn Bhd and Lion Development (Penang) Sdn Bhd are deemed to be interested in 23,952,000 shares held by in the Lion Corporation Berhad.
- (4) Lion Holdings Sdn Bhd is the beneficial owner of 9,950,000 shares registered under Lion Enterprise (Kuala Lumpur) Sdn Bhd.
- (5) Angkasa Marketing (Singapore) Pte Ltd is the beneficial owner of 10,000,000 shares registered under Bumiputra-Commerce Nominees.
- (6) The Brooklands Selangor Rubber Company Limited is deemed to be interested in the 4,961,000 shares held by Andalas Development Sdn Bhd.
- (7) Bidara Holdings Sdn Bhd is the beneficial owner of 8,332,000 shares registered under Fraser Securities Pte Ltd.
- (8) Tan Sri Cheng Heng Jem is deemed to be interested in 33,902,000 shares comprising 23,952,000 shares held by Lion Corporation Berhad and 9,950,000 shares held by Lion Holdings Sdn Bhd.
- (9) Lancaster Trading Company Limited, William Cheng Sdn Bhd and Utara Enterprise Sdn Bhd are deemed to be interested in the 9,950,000 shares held by Lion Holdings Sdn Bhd.
- (10) Akurjaya Sdn Bhd is deemed to be interested in 10,544,000 shares comprising 4,961,000 shares held by Andalas Development Sdn Bhd and 5,583,000 shares held by The Brooklands Selangor Rubber Company Limited.
- (11) Amsteel Corporation Berhad is deemed to be interested in 23,919,000 shares comprising 10,544,000 shares held by Akurjaya Sdn Bhd, 10,000,000 shares held by Angkasa Marketing (Singapore) Pte Ltd, 100,000 shares held by Silverstone Corporation Berhad and 3,275,000 shares held by Umatrac Enterprises Sdn Bhd.
- (12) Lion Corporation Berhad is deemed to be interested in 23,952,000 shares comprising 23,919,000 shares held by Amsteel Corporation Berhad and 33,000 shares held by Lion Industries Corporation Berhad.
- (13) Mr Mazlan Bin Dato' Harun is deemed to be interested in the 8,332,000 shares held by Bidara Holdings Sdn Bhd.
- (14) LDH (S) Pte. Ltd, Lion Diversified Holdings Berhad, LLB Steel Industries Sdn Bhd, Steelcorp Sdn Bhd and Amsteel Mills Sdn Bhd are deemed to be interested in 23,952,000 shares held by Lion Corporation Berhad.
- (15) Lion Industries Corporation Berhad is deemed to be interested in 23,919,000 shares held by Amsteel Corporation Berhad.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Lion Teck Chiang Limited (the "Company") will be held at 10 Arumugam Road #10-00, Lion Industrial Building, Singapore 409957 on Friday, 29 October 2004 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Reports of the Directors and Auditors of the Company for the year ended 30 June 2004. (Resolution 1)
2. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association
 - (a) Mr Cheng Yong Liang (Resolution 2)
 - (b) Tan Sri Cheng Heng Jem (Resolution 3)
3. To pass the following resolution under Section 153(6) of the Companies Act, Cap. 50 : -

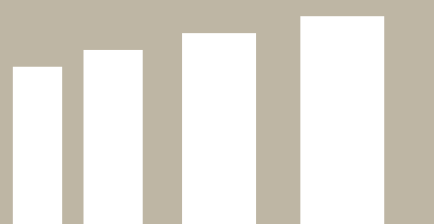
"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Cheng Theng Kee be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company". (Resolution 4)
4. To approve the payment of Directors' fees of S\$78,500 for the year ended 30 June 2004 (2003: S\$104,500). (Resolution 5)
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without amendments, the following resolutions as Ordinary Resolutions:-

6. General Mandate to Directors to Issue Shares

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company at the time that the mandate is passed (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time that the mandate is passed, which were issued pursuant to previous shareholder approval), adjusted for any subsequent consolidation or subdivision of the Company's shares, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See Explanatory Note i) (Resolution 7)



7. Renewal of the Shareholders' Mandate for Interested Person Transactions

"THAT :

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Persons Transactions set out in paragraph 5.2 of the Company's circular to shareholders dated 17 October 2003 (the "Circular"), with any party who is of the class or classes of Interested Persons described in paragraph 5.1 of the Circular, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the review procedures for Interested Person Transactions as set out in paragraph 5.3 of the Circular (the "Shareholders' Mandate");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution". (See Explanatory Note ii) (Resolution 8)

8. To transact such other ordinary business of the Company which may arise.

By order of the Board

Chan Su Lee
Company Secretary

14 October 2004

Explanatory Notes on Special Business to be transacted:

- (i) Resolution 7 is to empower the Directors of the Company to issue shares in the Company up to 50% of the issued share capital of the Company (in case of issuance other than on a pro rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the Company's issued share capital) for such purposes as they consider to be in the interests of the Company.
- (ii) Resolution 8 relates to the renewal of Shareholders' Mandate and allow the Company, its subsidiaries and associated companies or any of them to enter into certain interested person transactions with persons who are considered "Interested Persons" (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

Notes :

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Arumugam Road, #10-00, Lion Industrial Building, Singapore 409957, not less than 48 hours before the time appointed for holding the meeting.

Proxy Form

IMPORTANT : FOR CPF INVESTORS ONLY

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name)

of _____ (Address)

being a member/members of LION TECK CHIANG LIMITED hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 10 Arumugam Road #10-00, Lion Industrial Building, Singapore 409957 on Friday, 29 October 2004 at 11.00 a.m., and at any adjournment(s) thereof in the following manner : -

No.	Ordinary Resolutions :	For	Against
1	Adoption of Audited Accounts, Directors' Report and Auditors' Report		
2	Re-election of Mr Cheng Yong Liang as a Director of the Company		
3	Re-election of Tan Sri Cheng Heng Jem as a of the Company		
4	Re-appointment of Mr Cheng Theng Kee as a Director of the Company		
5	Approval of Directors' Fees		
6	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
7	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
8	Renewal of Approval for the Shareholders' Mandate for Interested Person Transactions		

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

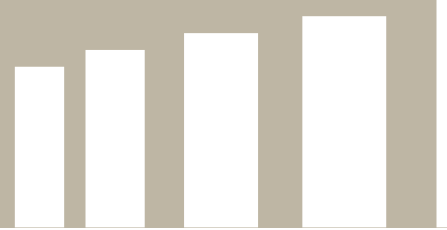
Dated this _____ day of _____ 2004

Total No. of Shares in:	No. of Shares
(1) CDP Register	
(2) Register of Members	

 Signature(s) of Member(s)/Corporation's Common Seal

IMPORTANT : PLEASE READ NOTES OVERLEAF





Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead and such proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957, not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

General :

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

lion teck chiang limited

Co. Reg. No. 196400176K

10 Arumugam Rd #10-00 Lion Industrial Building Singapore 409957

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