

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I hereby present the Annual Report and Audited Financial Statements of Lion Industries Corporation Berhad ("the Group" or "the Company") for the financial year ended 31 December 2024.

### FINANCIAL PERFORMANCE

In 2024, the global steel industry faced persistent challenges, fueled by ongoing geopolitical conflicts, inflationary pressures, and the growing trend of geoeconomic fragmentation. These global uncertainties placed considerable strain on overall market conditions.

Locally, the steel industry remained under pressure, characterised by a persistent imbalance between supply and demand, alongside rising production costs. This challenge was further exacerbated by regional overcapacity, intensifying competition and exerting downward pressure on prices. Additionally, the lack of large-scale infrastructure projects further constrained demand, adding to the overall strain on the steel market.

In the face of these adversities, the Group reported a lower revenue of RM1,662 million for the year under review. Despite these challenges, the Group was able to reduce its loss before tax to RM84.6 million, largely due to the RM220.7 million gain arising from sale and leaseback transactions.

As of 31 December 2024, the net assets of the Group amounted to RM989.8 million, equivalent to a net assets per share of RM1.45. This represents a decrease of 17 sen compared to the previous year.

### SIGNIFICANT CORPORATE DEVELOPMENTS

- (1) Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company, and Gelora Berkat Sdn Bhd, a wholly-owned subsidiary of the Company, had on 1 September 2023 entered into conditional sale and purchase agreements with Unichamp Mineral Sdn Bhd for the disposal of portions of freehold land measuring 19.781 acres and 7.006 acres, for a cash consideration of RM67.96 million and RM24.07 million, respectively ("Proposed Disposals").

The Proposed Disposals are pending fulfillment of conditions precedent.

- (2) AMSB had entered into the following conditional sale and purchase agreements with RHB Trustees Berhad, the trustee of Axis Real Estate Investment Trust:

- (a) Sale and purchase agreement entered on 23 February 2024 in relation to the disposal of a piece of leasehold land held under HS(D) 24277, PT 3501 in Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan measuring approximately 3.23 hectares together with the buildings erected thereon, for a disposal consideration of RM49.00 million ("Disposal").

The Disposal was completed on 31 May 2024 and subsequently leaseback by AMSB.

- (b) Sale and purchase agreements entered on 22 April 2024 in relation to the disposals of:

- (i) 2 pieces of leasehold industrial land held under HS(D) 17795, PT 3494 (now known as Lot No. 25170) with the buildings erected thereon together with the fixtures and fittings attached thereto and HS(D) 31354, PT 17631 (now known as Lot No. 26953), both located in Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan for a total disposal consideration of RM313.00 million to be satisfied entirely in cash and the subsequent leaseback by AMSB ("Proposed Disposal of Property 1").

The Proposed Disposal of Property 1 was completed on 8 October 2024.

- (ii) a piece of leasehold industrial land held under HS(D) 119721, PT 59358 (now known as Lot 62610), located in Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan for a disposal consideration of RM38.80 million to be satisfied entirely in cash ("Proposed Disposal of Property 2").

The conditions precedent of the Proposed Disposal of Property 2 have been fulfilled and the sale and purchase agreement for the Proposed Disposal of Property 2 has now become unconditional and pending completion.

## PROSPECTS

Local steel demand is forecasted to grow in 2025, spurred by construction activities benefiting from infrastructure and data centre projects while striving to achieve a balance in supply and demand. Overcapacity issues remain a great challenge to the local steel industry.

Further, the Government's proposed increase in the base electricity tariff is expected to raise operational costs and potentially undermining the competitive edge of the local steel sector within the region.

Externally, the geopolitical uncertainties, persistent global market volatility, the US's trade policies and China's monetary policy are adding further complexities to the operating environment.

In response to these challenges, the Group will take a proactive approach to address the current market conditions. Key areas of focus will include improving operational efficiencies, enforcing strict cost containment measures, and accelerating the diversification of the product portfolio. These strategies are designed to strengthen the Group's market position and ensure long-term sustainability in an increasingly challenging and competitive environment.

## BOARD OF DIRECTORS

Y. Bhg. Dato' Nik Rahmat bin Nik Taib who is due to retire by rotation pursuant to the Constitution of the Company has indicated that he will not seek re-election and shall therefore retire at the conclusion of the forthcoming Annual General Meeting.

On behalf of the Board, I would like to extend our sincere appreciation to Y. Bhg. Dato' Nik Rahmat for his dedication and contribution to the Group. Y. Bhg. Dato' Nik Rahmat, an Independent Non-Executive Director of the Company, is also the Chairman of the Remuneration Committee, and a member of the Audit Committee.

I would also like to extend a warm welcome to Y. Bhg. Dato' Sun Teoh Tia and Cik Zainab binti Dato' Hj. Mohamed who joined the Board as independent non-executive Directors of the Company on 30 May 2024. The Board believes that the Group will benefit from their extensive experience and expertise.

## APPRECIATION

On behalf of the Board, I wish to express my heartfelt and sincere thanks to all our valued shareholders, customers, financiers, business associates and the various governmental and regulatory authorities for their continuing support and confidence in the Group throughout these challenging times.

I would like to convey my appreciation and gratitude to my fellow Directors for their invaluable guidance and contribution throughout the year.

Last but not least, I would like to place on record my appreciation to the management and staff for their dedication and commitment to the Group.

**DATUK SERI UTAMA RAJA NONG CHIK BIN  
DATO' RAJA ZAINAL ABIDIN**  
Chairman