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## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Chocolate Products (Malaysia) Berhad will be held at the Meeting Hall, Level 23, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 13 December 2000 at 2.00 pm for the following purposes:-

### AGENDA

- |  |                     |
|--|---------------------|
| 1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 30 June 2000.  | <b>Resolution 1</b> |
| 2. To approve the payment of a first and final dividend of 0.05 sen per ordinary share less 28% Malaysian Income Tax.  | <b>Resolution 2</b> |
| 3. To approve the payment of Directors' fees amounting to RM33,400.00.   | <b>Resolution 3</b> |
| 4. To re-elect Directors:  |                     |
| i) In accordance with Article 94 of the Company's Articles of Association, Y Bhg Dato Murad Mohamed Hashim who was appointed during the year, retires and being eligible, offers himself for re-election.  | <b>Resolution 4</b> |
| ii) In accordance with Article 103 of the Company's Articles of Association, Mr Cheng Yong Kwang retires by rotation and being eligible, offers himself for re-election.   | <b>Resolution 5</b> |
| 5. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as an ordinary resolution:  |                     |
| "That Y Bhg Tan Sri Dato' Muhammad Yusuff bin Muhammad Yunus who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."  | <b>Resolution 6</b> |
| 6. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.   | <b>Resolution 7</b> |
| 7. Special Business  |                     |
| To consider and if thought fit, pass the following resolution as an ordinary resolution:   |                     |
| Ordinary Resolution – Authority to Directors to issue shares   |                     |
| "That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed ten per centum (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." | <b>Resolution 8</b> |
| 8. To transact any other business for which due notice shall have been given.  |                     |

## **DIVIDEND ENTITLEMENT**

NOTICE IS ALSO HEREBY GIVEN that a depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares deposited into the depositor's securities account before 12.30 pm on 12 December 2000 in respect of shares exempted from mandatory deposit;
- (b) shares transferred into the depositor's securities account before 12.30 pm on 14 December 2000 in respect of ordinary transfers; and
- (c) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

The dividend, if approved, will be paid on 30 December 2000 to shareholders on the Register of Members of the Company at the close of business on 14 December 2000.

By Order of the Board

**WONG YOKE LIN**  
**YASMIN WEILI TAN BT ABDULLAH @ TAN WEE LI**

Secretaries

Kuala Lumpur  
25 November 2000

### **Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or in some other manner approved by its directors.

The instrument of proxy must be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the Meeting.

2. Resolution 8 – Authority to Directors to issue shares

This authorisation will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

## CORPORATE INFORMATION

<b>Board of Directors</b>	: Y Bhg Tan Sri William H J Cheng <i>(Chairman and Managing Director)</i> Y Bhg Tan Sri Dato' Muhammad Yusuff bin Muhammad Yunus Y Bhg Dato' Ismail bin Said Mr Cheng Yong Kwang Y Bhg Dato Murad Mohamed Hashim
<b>Secretaries</b>	: Ms Wong Yoke Lin Puan Yasmin Weili Tan bt Abdullah @ Tan Wee Li
<b>Registered Office</b>	: Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos: 03-21622155, 21613166 Homepage: <a href="http://www.lion.com.my">http://www.lion.com.my</a>
<b>Share Registrar</b>	: Secretarial Communications Sdn Bhd Suite 11.01, Level 11, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos: 03-21648411, 21648412
<b>Auditors</b>	: PricewaterhouseCoopers 11th Floor, Wisma Sime Darby Jalan Raja Laut 50350 Kuala Lumpur
<b>Principal Bankers</b>	: Amanah Merchant Bank Berhad Aseambankers Malaysia Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad OCBC Bank (Malaysia) Berhad RHB Bank Berhad Utama Merchant Bank Berhad
<b>Stock Exchange Listing</b>	: Kuala Lumpur Stock Exchange
<b>Stockname</b>	: CHOC
<b>KLSE Stock No</b>	: 2887
<b>Reuters Code</b>	: CHOC.KL
<b>ISIN Code</b>	: MYL288700007

## AUDIT COMMITTEE

<b>Chairman of Audit Committee</b>	:	Y Bhg Tan Sri Dato' Muhammad Yusuff bin Muhammad Yunus <i>(Independent Non-Executive Director)</i>
<b>Members</b>	:	Y Bhg Dato' Ismail bin Said <i>(Independent Non-Executive Director)</i>  Y Bhg Dato Murad Mohamed Hashim <i>(Independent Non-Executive Director)</i>  Mr Cheng Yong Kwang <i>(Non-Independent Non-Executive Director)</i>
<b>Secretaries</b>	:	Ms Wong Yoke Lin Puan Yasmin Weili Tan bt Abdullah @ Tan Wee Li

### Terms of Reference

- (1) The Audit Committee be at liberty to determine the frequency of its meetings which in any event shall not be less than four times a year.
- (2) The Audit Committee be authorised to investigate any activity within its terms of reference and for this purpose, may request any officer of the Company and Group to attend any of its meetings; may seek and obtain outside independent professional advice and secure the attendance of any person whom the Audit Committee considers may be able to assist in its deliberations.
- (3) The functions and duties of the Audit Committee be as follows:
  - (a) To consider and recommend the appointment, resignation and/or dismissal of the External Auditors, the audit fee and any matters related thereto;
  - (b) To appoint the Head of Internal Auditors;
  - (c) To review with the External and/or Internal Auditors:
    - (i) the audit plan, its scope and nature and ensure coordination where more than one Audit Firm is concerned;
    - (ii) the system of internal accounting controls and its effectiveness;
    - (iii) the audit report as well as the quarterly unaudited financial statements of the Company and Group;
    - (iv) any changes in accounting policies and principles (if any), compliance with Statutory and Stock Exchange Requirements and generally accepted accounting principles;
    - (v) any matter arising including any report or management letter and management response; and
    - (vi) the Internal Auditors' program and consider the major findings of internal audit investigations and management response and ensure coordination between Internal and External Auditors;
  - (d) To review related party transactions that may arise within the Company or Group and any other major transactions outside of the normal course of business of the Company and Group; and
  - (e) Such other matters as the Board may from time to time determine.

## PENYATA Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit Chocolate Products (Malaysia) Berhad bagi tahun kewangan berakhir 30 Jun 2000.

### KEPUTUSAN

Untuk tahun kewangan ditinjau, Kumpulan mencatat perolehan yang lebih tinggi berjumlah RM692 juta berbanding dengan RM683 juta yang dicatatkan pada tahun kewangan sebelumnya. Peningkatan dalam perolehan ini disumbangkan terutamanya oleh Bahagian Bir di China. Bagaimanapun, perolehan perniagaan Coklat dan Konfeksi kita menyusut seiringan dengan hasrat Kumpulan untuk melupuskan perniagaan-perniagaan yang tidak menguntungkan.

Selepas mengambilkira butiran berkecuali berjumlah RM59.7 juta, Kumpulan mencatatkan kerugian sebelum cukai berjumlah RM39.4 juta. Butiran berkecuali tersebut adalah berpunca daripada pelunasan tukaran matawang asing dan penyusutan nilai aset setelah pelupusan perniagaan Coklat dan Konfeksi.

### PERKEMBANGAN KORPORAT

- a) Pada 5 Julai 2000, Syarikat mengumumkan cadangan Skim Penyusunan Semula Seluruh Kumpulan yang membabitkan penyusunan semula hutang-hutang Kumpulan dan Syarikat dan merasionalisasikan struktur Kumpulan di mana perniagaan-perniagaan teras akan ditakrif semula dan perniagaan-perniagaan bukan teras akan dilupuskan.
- b) Pada 6 Januari 2000, Kumpulan telah mengumumkan pelupusan perniagaan-perniagaan minuman koko bermalta, coklat, konfeksi dan operasi perdagangan, dua bangunan industri dan tanah serta tanda niaga kepada Kumpulan Syarikat-syarikat Maestro untuk balasan tunai berjumlah kira-kira RM53.5 juta. Pelupusan ini telah selesai pada 29 Ogos 2000.
- c) Pada 14 Julai 2000, Suruhanjaya Perbadanan Perdagangan Luar Negara dan Ekonomi Wilayah Zhejiang telah meluluskan perjanjian tambahan bersyarat yang dimeterai oleh Consitrade (M) Sdn Bhd ('Consitrade') dengan Zhejiang Zhedong Beer Co Ltd ('Zhejiang') untuk melupuskan 55% kepentingan ekuiti dalam Ningbo Lion Brewery Co Ltd ('Ningbo') sebanyak 10.29% kepada 44.71% dengan pilihan kepada Consitrade untuk membeli 10.29% kepentingan ekuiti tersebut daripada Zhejiang. Akibat daripada perubahan bahagian kepentingan ekuiti ini, Ningbo tidak lagi menjadi subsidiari tetapi syarikat bersekutu.

### TINJAUAN OPERASI

#### Bahagian Hartanah

Dua pusat membeli-belah utama Kumpulan, Subang Parade dan Mahkota Parade berjaya mengekalkan kadar penyewaan melebihi 90% walaupun bersaing sengit dengan kompleks-kompleks membeli-belah yang baru dibuka di kawasan berdekatan. Kedua-dua pusat membeli-belah ini aktif menganjurkan aktiviti-aktiviti promosi dan pemasaran sepanjang tahun bagi mengukuhkan kesetiaan para pengunjung dan meningkatkan lagi imej kedua-dua pusat membeli-belah. Dengan usaha Kerajaan mempromosikan industri pelancongan tempatan dan peningkatan kuasa membeli pengguna ekoran pemulihan ekonomi negara, prestasi Kumpulan dijangka akan lebih baik.

#### Bahagian Bir

Bahagian Bir di China mencatat perolehan yang lebih tinggi berjumlah RM583 juta pada tahun kewangan berbanding dengan RM541 juta pada tahun lepas. Dengan penekanan yang berterusan oleh Kumpulan untuk menaikkan taraf kilang dan menambahkan pengeluaran, Bahagian mencatat setahun lagi prestasi yang membanggakan. Kesemua sembilan buah syarikat perniagaan bir berjaya mencatat jualan kira-kira 750,000 tan metrik pada tahun semasa berbanding dengan 692,000 tan metrik pada tahun sebelumnya. Wenzhou Double Deer Brewing Group Co Ltd sekali lagi berada di tempat teratas dari segi perolehan dan keuntungan, manakala Ningbo mencatatkan lonjakan dalam keuntungan setelah selesai program pemulihan utama yang merangkumi pembinaan 12 tangki penapaian keluli tahan karat dengan kapasiti keseluruhan berjumlah 3,600 tan metrik, bahagian pembotolan utama bir yang berupaya membotoikan 12,000 botol bir sejam dan sebuah loji rawatan air 8,000 tan.

Corak penggunaan di China kini menunjukkan peralihan daripada meminum minuman keras kepada bir. Dengan pertumbuhan ekonomi China yang terus kukuh dan peningkatan perbelanjaan pengguna, industri bir dijangka akan berkembang pesat. Bagaimanapun persaingan dijangka sengit dalam jangkamasa sederhana apabila kilang-kilang bir yang lebih kecil terpaksa bergabung untuk mencapai ekonomi berskala dan juga bersatu dengan kilang bir yang lebih besar yang memiliki kepakaran teknikal luar negara.

### **Bahagian Coklat dan Konfeksi**

Sejajar dengan hasrat Kumpulan untuk merasionalisasikan perniagaan coklat dan konfeksi, Bahagian mencatatkan perolehan yang lebih rendah berjumlah RM54 juta. Sehubungan dengan itu, kerugian sebelum cukai yang lebih rendah dicatatkan dalam tahun kewangan. Dengan pengumuman Kumpulan mengenai pelupusan Bahagian yang telah selesai, prestasi keseluruhan Kumpulan dijangka akan pulih pada masa hadapan.

### **DIVIDEN**

Lembaga Pengarah mengesyorkan dividen kasar pertama dan akhir sebanyak 0.05 sen sesaham (1999 : 0.05 sen sesaham) ditolak cukai pendapatan untuk kelulusan di Mesyuarat Agung Tahunan akan datang. Jumlah dividen bersih berbayar jika diluluskan, akan berjumlah RM0.1 juta (1999 : RM 0.1 juta).

### **PROSPEK**

Prestasi operasi-operasi perkilangan bir di China yang terus memberangsangkan dan pelupusan perniagaan Coklat dan Konfeksi yang mencatat kerugian di tahun-tahun lepas telah memberi harapan optimistik mengenai peralihan dalam prestasi kewangan Kumpulan. Tertakluk kepada perkara-perkara yang tidak diduga, Lembaga Pengarah yakin akan mencatat keputusan yang lebih baik di tahun kewangan akan datang.

### **PENGHARGAAN**

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan dan terima kasih kepada pihak pengurusan dan kesemua kakitangan atas usaha gigih, dedikasi dan iltizam mereka.

Saya juga ingin mengucapkan terima kasih kepada para pelanggan yang dihargai, para pembiaya, sekutu perniagaan, pihak berkuasa kerajaan dan para pemegang saham atas sokongan dan keyakinan mereka yang berterusan.

**TAN SRI WILLIAM H J CHENG**  
Pengerusi

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Chocolate Products (Malaysia) Berhad for the financial year ended 30 June 2000.

### RESULTS

For the year under review, the Group recorded a higher revenue of RM692 million as compared to RM683 million recorded in the previous financial year. The increase in revenue was mainly contributed by our China Brewery Division. Turnover for our Chocolate and Confectionery business was, however, lower in line with the Group's intention to hive off its unprofitable businesses.

After accounting for exceptional items of RM59.7 million, a loss before taxation of RM39.4 million was recorded. The exceptional items arose out of a non recurring write down of its foreign exchange losses and provision made for diminution in assets value upon the divestment of its Chocolate and Confectionery business.

### CORPORATE DEVELOPMENTS

- a) On 5 July 2000, the Company announced the proposed Group Wide Restructuring Scheme which will involve the restructuring of the Group's and the Company's debts and the rationalisation of the Group structure whereby core businesses would be redefined and non-core businesses would be divested.
- b) On 6 January 2000, the Group announced the disposal of its malted cocoa beverage, chocolate, confectionery and trading businesses, two (2) industrial buildings and lands and trademarks to the Maestro Group of Companies for a total cash consideration of RM53.5 million. The disposal was completed on 29 August 2000.
- c) On 14 July 2000, Zhejiang Provincial Commission on Foreign Trade and Economic Corporation had approved a conditional supplementary agreement entered into between Consitrade (M) Sdn Bhd ('Consitrade') and Zhejiang Zhedong Beer Co Ltd ('Zhejiang'), for the dilution of its 55% equity interest in Ningbo Lion Brewery Co Ltd ('Ningbo') by 10.29% to 44.71% with the option for Consitrade to purchase the aforesaid 10.29% equity interest from Zhejiang. Following the change in equity interest, Ningbo ceased to be a subsidiary and became an associated company.

### REVIEW OF OPERATIONS

#### Property Division

The Group's two premier shopping centres, Subang Parade and Mahkota Parade managed to maintain their high occupancy rates of above 90% despite the intense competition from the new and upcoming shopping malls within their vicinity. Both shopping centres were actively engaged in providing year round promotional and marketing activities to strengthen shoppers' patronage and further enhance the centres' image. With the Government's efforts in promoting the local tourism industry and the increase in consumer spending following the recovery in our economy, the Group expects further improvement in its performance.

#### Brewery Division

Our Brewery Division in China has achieved a higher revenue of RM583 million for the financial year as compared to RM541 million last year. With the Group's continuous emphasis on plant upgrading and productivity improvements, the Division has recorded another year of impressive performance. The nine brewery companies managed to record sales of approximately 750,000 metric tons in its financial year as compared to 692,000 metric tons last year. Wenzhou Double Deer Brewing Group Co Ltd again emerged as the top performer for the Division in terms of both revenue and profit, whilst Ningbo recorded a significant jump in its profitability after the completion of its capital improvements programme which included the construction of 12 stainless steel fermenters with an aggregate capacity of 3,600 metric tons, a premium beer packaging line capable of handling 12,000 bottles per hour and an 8,000 ton waste water treatment plant.

Recent trends in consumption patterns in China indicate a shift in hard liquor consumption to beer consumption. With the continued strong growth in China's economy and the rising consumers' disposable income, the beer industry is envisaged to expand at a rapid pace. However, over the medium term, competition is expected to be more intense and the smaller breweries will be forced to consolidate or merge to capitalise on economies of scale and also to tie up with the larger breweries possessing foreign technical expertise.



### **Chocolate and Confectionery Division**

In line with the Group's intention to rationalise its Chocolate and Confectionery business, the Division recorded a much lower revenue of RM54 million. Accordingly, a lower loss before taxation was reported for the financial year. With the subsequent announcement by the Group of the completion of the divestment of this division, the overall performance of the Group is expected to be considerably improved in the future.

### **DIVIDEND**

The Board is recommending a first and final gross dividend of 0.05 sen per share (1999:0.05 sen per share) less tax for approval at the forthcoming Annual General Meeting. The total dividend payable for the financial year, if approved, will amount to RM0.1 million (1999:RM0.1 million).

### **PROSPECTS**

The continued strong performance of our brewery operations in China and the divestment of our Chocolate and Confectionery business which has been incurring substantial losses in the past has given rise to much optimism of an imminent turnaround in the Group's financial performance. Hence, barring unforeseen circumstances, the Board is confident of achieving a much better set of results in the next financial year.

### **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to extend our sincere thanks and appreciation to the management and all employees for their hard work, dedication and commitment.

I would also like to thank all our valuable customers, financiers, business associates, government authorities and shareholders for their continued support and confidence.

**TAN SRI WILLIAM H J CHENG**  
Chairman

## 主席報告

我謹代表董事部，欣然提呈本公司截至2000年6月30日為止的會計年度的常年報告和經審核賬目。

### 業績

在受檢討的一年內，本集團的營業額增加，達到馬幣6億9千200萬；上一個會計年度的營業額是馬幣6億8千300萬。收入增加主要來自我們在中国的釀酒部門的貢獻。不過，我們的巧克力與甜品部的營業額則減少。這與本集團要把盈利可圖的業務售出的目的。

在把額外項目馬幣5千970萬包括在內之後，本集團蒙受3千940萬的虧損。額外項目是由於注銷外匯虧損以及由於出售巧克力與甜品部門導致資產的價值減少而撥出的準備金。

### 企業發展

- a) 在2000年7月5日，公司宣佈建議中的“整個集團重組計劃”(重組計劃)，包括重組集團以及公司的債務，以及使整個集團的銷售合理化，從而按核心業務將重新定位，非核心業務將出售。
- b) 在2000年1月6日，本集團宣佈出售其麥芽可可飲料、巧克力、甜品及貿易業務，兩座工廠與土地和商標。這一切是出售給Maestro公司集團，總共取得馬幣5千350萬的現金。注銷出售在2000年8月29日完成。
- c) 在2000年7月14日，浙江省對外經濟貿易委員會批准一項有條件的附加協議。這項由Consitrade (M) Sdn Bhd (‘Consitrade’) 和浙江浙東啤酒廠之間達成的協議，由Consitrade

把它在寧波金獅啤酒有限公司的55%股權沖淡10.29%，剩下44.71%；Consitrade有選擇權，可以向浙東購買那10.29%股權。在股權變動之後，寧波不再是Consitrade的子公司，而是其聯繫。

### 業務檢討

#### 商業部

本集團的兩個主要購物中心杭州百利和盛冠廣場，租用率已超過90%，雖然它們都面對來自其周圍的新購物中心的激烈競爭。兩個購物中心一整年都積極展開促銷活動，以增前購物者人數以及進一步提高它們的形象。由於政府大力促進本地旅遊業，以及國內經濟復甦導致消費者開銷增加，本集團預料，它們未來的表現會更佳。

#### 釀酒部

我們在中国的釀酒部，在本會計年度取得更高的營業額，達到馬幣5億8千300萬，上一個年度是馬幣5億4千100萬。本集團繼續注重提升釀酒廠素質和改進生產力，使釀酒部再一次有出色的表現。在本會計年度內，在中国的9間釀酒廠的銷售量達到接近75萬公噸，上一個會計年度是69萬2千公噸。溫州雙鹿啤酒集團有限公司，不論在營業額或是利潤方面，本會計年度再一次在釀酒部名列第一；寧波金獅啤酒有限公司在完成資本改組計劃之後，利潤大為增加。有關改組計劃包括興建12個不連續發酵桶，總容量3千600公噸；一個啤酒包裝線，每小時可以處理1萬2千罐啤酒；以及一座8千噸的壓水處理廠。

在中國，最近的消費趨勢是從啤酒改為罐裝啤酒。由於中國經濟持續取得強勁增長，啤酒業將會迅速擴展。不過，在中期內，競爭會更加激烈。小型啤酒廠將被迫進行鞏固或是合併，以及與擁有外國專門技術的較大規模的啤酒廠簽約，以獲得大規模生產的好處。

#### 巧克力與甜品部

為配合本集團將巧克力與甜品部合理化的目標，這個部門營業額減少，只有馬幣5千400萬。因此，在本會計年度，這個部門的稅前虧損也減少。由於本集團較後宣佈完成脫售這個部門，本集團將來總合的表現預料將會有顯著的改善。

#### 股息

董事部建議，分發一次總終期股息每股0.05仙扣除所得稅，(1999年是每股0.05仙扣除所得稅)。這項建議必須獲得即將召開的股東常年大會批准才能生效。如果獲得批准，在本會計年度必須支付的股息總額是馬幣10萬(1999年是馬幣10萬)。

#### 展望

我們在中國的啤酒業務持續有價值的表現，以及我們把過去蒙受巨額虧損的巧克力與甜品業務出售，使我們對本集團的財務表現立刻會有起色感到樂觀。因此，除非出現預見不到的情況，董事部深信，本集團在下一個會計年度的業績會更佳。

#### 鳴謝

我代表董事部，真誠感謝管理層和全體僱員勤奮工作和作出奉獻。

我也要感謝顧客們、融資機構、商業伙伴、政府當局以及股東們，繼續支持與信任我們。

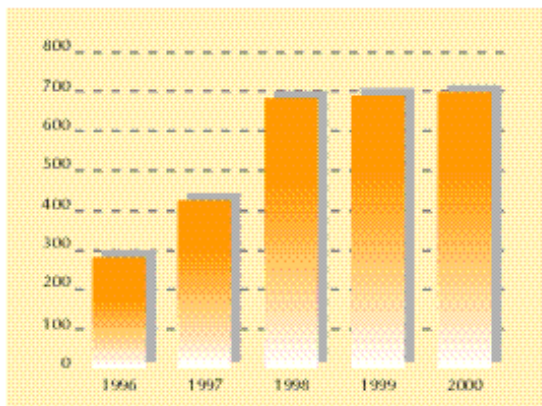
#### 主席

丹斯里羅廷森

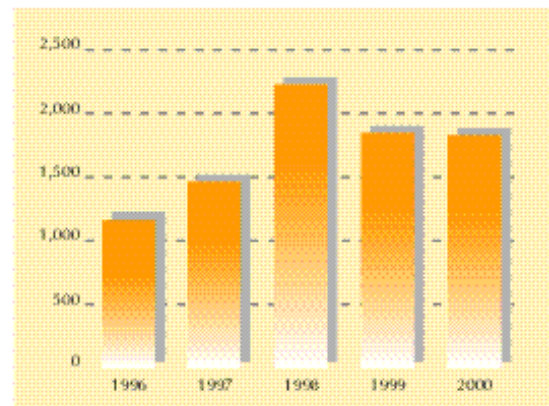
## 5 YEARS' GROUP FINANCIAL HIGHLIGHTS

	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	273,402	419,617	675,153	683,468	691,698
Profit before exceptional items and taxation	34,242	20,716	20,643	3,949	20,312
Profit/(loss) before taxation	34,242	17,796	(32,017)	(10,506)	(39,430)
Profit/(loss) after taxation	27,561	13,727	(33,995)	(12,292)	(54,047)
<b>Dividends:</b>					
Rate (%)	3.0	3.0	0.5	0.1	0.1
Amounts (net of tax)	3,658	3,658	627	125	125
Total assets employed	1,157,301	1,459,515	2,213,634	1,842,877	1,815,709
Shareholders' funds	480,456	478,294	763,076	636,533	603,256
Net tangible assets	454,074	447,417	710,619	586,524	562,148
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Net tangible assets per share	130	128	204	168	161
Earnings/(loss) per share	7.2	0.9	(13.4)	(4.8)	(18.9)

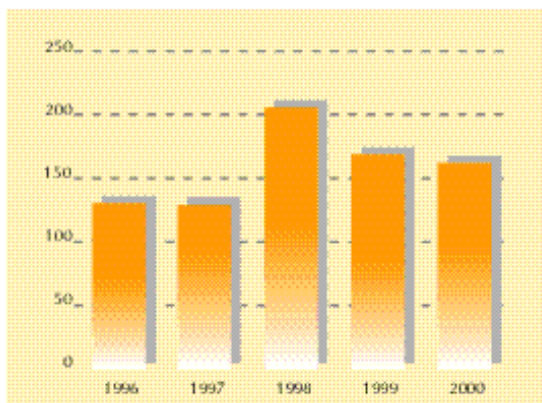
**REVENUE**  
RM Million



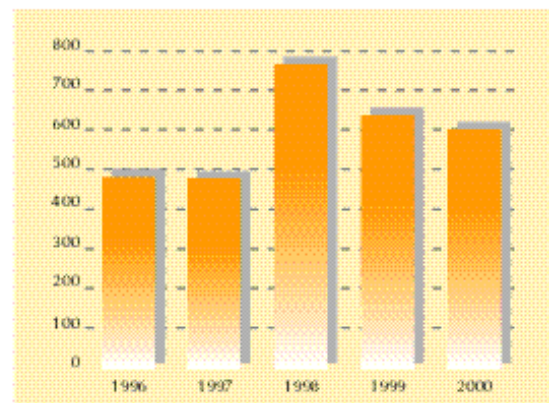
**TOTAL ASSETS EMPLOYED**  
RM Million



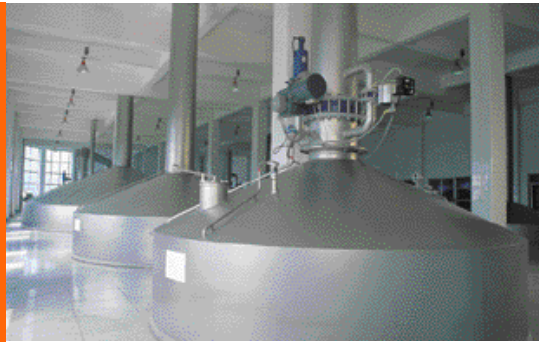
**NET TANGIBLE ASSETS PER SHARE**  
Sen



**SHAREHOLDERS' FUNDS**  
RM Million



## THE GROUP'S BUSINESSES



Brewing of beer at brewery plant in China.  
*Proses penapaian bir di kilang bir di China.*



Beer canning line at brewery plant in China.  
*Bahagian mengetin bir di kilang bir di China.*



Range of beer produced for the domestic market in China.  
*Rangkaian bir untuk pasaran China tempatan.*



Subang Parade, offering never ending excitement for shoppers.  
*Subang Parade, menawarkan keriangen berterusan kepada para pengunjung.*



Philips Roadshow 2000 at Mahkota Parade.  
*Philips Roadshow 2000 di Mahkota Parade.*

## ANALYSIS OF SHAREHOLDINGS

AS AT 31 OCTOBER 2000

### Share Capital

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Capital	-	RM174,201,751

### Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Below 500	514	2.81	87,240	0.03
501 – 5,000	14,017	76.73	30,264,476	8.69
5,001 – 10,000	2,082	11.40	17,555,380	5.04
10,001 – 100,000	1,581	8.65	39,711,360	11.40
100,001 – 1,000,000	53	0.29	12,481,604	3.58
Above 1,000,000	22	0.12	248,303,441	71.26
	<u>18,269</u>	<u>100.00</u>	<u>348,403,501</u>	<u>100.00</u>

### Substantial Shareholders

	No. of Shares	% of Shares
1. Tan Sri William H J Cheng	233,509,501	67.02
2. Datuk Cheng Yong Kim	233,509,501	67.02
3. Lion Realty Pte Ltd	233,509,501	67.02
4. Lancaster Trading Co Ltd	222,489,945	63.86
5. Lion Holdings Sdn Bhd	222,489,945	63.86
6. Utara Enterprise Sdn Bhd	222,489,945	63.86
7. William Cheng Sdn Bhd	222,489,945	63.86
8. Amanvest (M) Sdn Bhd	220,555,945	63.30
9. Amsteel Corporation Berhad	220,555,945	63.30
10. Happyvest (M) Sdn Bhd	220,555,945	63.30
11. Lembaga Tabung Angkatan Tentera	220,555,945	63.30
12. Lion Corporation Berhad	220,555,945	63.30
13. Mirzan bin Mahathir	220,555,945	63.30
14. Peringkat Prestasi (M) Sdn Bhd	220,555,945	63.30
15. Timuriang Sdn Bhd	220,555,945	63.30
16. Umatrac Enterprises Sdn Bhd	220,555,945	63.30
17. Lion Development (Penang) Sdn Bhd	106,512,112	30.57
18. Ayer Keroh Resort Sdn Bhd	95,492,556	27.41
19. Horizon Towers Sdn Bhd	95,492,556	27.41
20. Ambang Jaya Sdn Bhd	73,501,000	21.10
21. Parkson Corporation Sdn Bhd	30,993,667	8.90
22. Datuk Lim Kheng Kim	28,695,945	8.24
23. Narajaya Sdn Bhd	9,545,667	2.74

### Bare Trustees pursuant to Section 69P of the Companies Act, 1965

	No. of Shares	% of Shares
1. HDM Nominees (Tempatan) Sdn Bhd	48,465,350	13.91
2. Mayban Securities Nominees (Asing) Sdn Bhd	21,613,088	6.20
3. Aseam Malaysia Nominees (Tempatan) Sdn Bhd	15,604,000	4.48
4. Cimsec Nominees (Tempatan) Sdn Bhd	15,798,000	4.53
5. HDM Nominees (Asing) Sdn Bhd	8,834,456	2.54
6. Syarikat Nominee Bumiputra (Tempatan) Sdn Bhd	8,521,000	2.45

<b>Twenty Largest Registered Shareholders</b>	<b>No. of Shares</b>	<b>% of Shares</b>
1. HDM Nominees (Tempatan) Sdn Bhd DBS Bank Labuan Branch for Ayer Keroh Resort Sdn Bhd	43,000,000	12.34
2. Parkson Corporation Sdn Bhd	30,993,667	8.90
3. Ayer Keroh Resort Sdn Bhd	20,492,556	5.88
4. Mayban Securities Nominees (Asing) Sdn Bhd Mayban Nominees (S) Pte Ltd for Ambang Jaya Sdn Bhd (MB 39A)	17,000,000	4.88
5. Aseam Malaysia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amsteel Securities (M) Sdn Bhd	15,604,000	4.48
6. PAB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Ambang Jaya Sdn Bhd (0071040000013094)	15,300,000	4.39
7. Lion Corporation Berhad	15,283,000	4.39
8. Mayban Securities Nominees (Asing) Sdn Bhd Mayban Nominees (S) Pte Ltd for Ayer Keroh Resort Sdn Bhd (MB 39A)	15,000,000	4.31
9. Ambang Jaya Sdn Bhd	13,701,000	3.93
10. Lembaga Tabung Angkatan Tentera	13,200,771	3.79
11. Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers (L) Ltd for Ambang Jaya Sdn Bhd	10,000,000	2.87
12. Syarikat Nominee Bumiputra (Tempatan) Sdn Bhd Pledged Securities Account for Ambang Jaya Sdn Bhd (3267 LINT)	8,500,000	2.44
13. Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Amsteel Securities (M) Sdn Bhd	5,500,000	1.58
14. HDM Nominees (Tempatan) Sdn Bhd DBS Bank Labuan Branch for Ambang Jaya Sdn Bhd	5,000,000	1.44
15. RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	4,666,000	1.34
16. OUB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amsteel Securities (M) Sdn Bhd (T:01-6110542762)	4,364,000	1.25
17. Cartaban Nominees (Asing) Sdn Bhd Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	2,900,000	0.83
18. HSBC Nominees (Tempatan) Sdn Bhd BOA (M) Bhd for Lion Holdings Sdn Bhd	1,970,000	0.57
19. Arab-Malaysian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd (BX 7/427-B)	1,879,000	0.54
20. Menteri Kewangan Malaysia	1,382,447	0.40

## FINANCIAL STATEMENTS

# 2000

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2000.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company which is also involved in management services and manufacturing and sales of a malted cocoa beverage. The principal activities of its subsidiary companies are shown in Note 32 on the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

### FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
(Loss)/profit after taxation	(54,047)	234
Minority interests	(11,721)	-
	<u>(65,768)</u>	<u>234</u>

### DIVIDENDS

The dividends paid by the Company since 30 June 1999 were as follows:

In respect of the financial year ended 30 June 1999 as proposed in the Directors' report of that financial year:

	RM'000
First and final dividend of 0.05 sen per share, less 28% income tax, paid on 27 December 1999	<u>125</u>

For the financial year ended 30 June 2000, the Directors recommend the payment of a first and final dividend of 0.05 sen per share, less 28% income tax, amounting to RM125,425, subject to approval of members at the forthcoming Annual General Meeting of the Company.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.



## DIRECTORS

The Directors who have held office during the period since the date of the last report are:

Tan Sri William H J Cheng  
Tan Sri Dato' Muhammad Yusuff bin Muhammad Yunus  
Dato' Ismail bin Said  
Cheng Yong Kwang  
Dato Murad Mohamed Hashim (appointed on 19.5.2000)

In accordance with Article 103 of the Company's Articles of Association, Mr Cheng Yong Kwang retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 94 of the Company's Articles of Association, Dato Murad Mohamed Hashim who was appointed during the year retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Tan Sri Dato' Muhammad Yusuff bin Muhammad Yunus, being over the age of seventy years, retires pursuant to Section 129(2) of the Companies Act, 1965 and seeks re-appointment as Director under Section 129(6) of the said Act to hold office until the next annual general meeting of the Company.

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the Directors' remuneration disclosed in Note 6 on the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

The Director's interests in shares in the Company at the end of the financial year were as follows:

Indirect interest	Nominal value per ordinary share	As at 1.7.1999	Number of ordinary shares		As at 30.6.2000
			Acquired	Disposed	
Tan Sri William H J Cheng					
Chocolate Products (Malaysia) Berhad	RM0.50	244,508,501	-	(10,963,000)	233,545,501

The Directors' interests in shares in related companies at the end of the financial year were as follows:

Direct interest	Nominal value per ordinary share	As at 1.7.1999/ date of appointment	Number of shares		As at 30.6.2000
			Acquired	Disposed	
Tan Sri William H J Cheng					
Angkasa Marketing Berhad	RM1.00	20,000	-	-	20,000
Lion Land Berhad	RM1.00	1,680	-	-	1,680
Dato Murad Mohamed Hashim					
LLB Strategic Holdings Berhad	RM1.00	450,000	-	-	450,000
Indirect interest	Nominal value per ordinary share	As at 1.7.1999	Number of shares		As at 30.6.2000
			Acquired	Disposed	
Tan Sri William H J Cheng					
Amsteel Corporation Berhad	RM0.50	508,483,745	-	(16,780,859)	491,702,886
Akurjaya Sdn Bhd	RM1.00	63,500,000	-	-	63,500,000
Ambang Maju Sdn Bhd	RM1.00	70,000	-	-	70,000
Amsteel Securities (M) Sdn Bhd	RM1.00	155,000,000	-	-	155,000,000
Angkasa Marketing Berhad	RM1.00	94,703,150	-	(6,811,000)	87,892,150
Avenel Sdn Bhd	RM1.00	100,000,000	-	-	100,000,000
Ayer Keroh Resort Sdn Bhd	RM1.00	20,000,000	-	-	20,000,000
Bungawang Sdn Berhad	RM1.00	25,000	-	-	25,000
Crystavel Sdn Bhd	RM1.00	998	-	-	998
Davids Warehousing Sdn Bhd (under liquidation)	RM1.00	4,080,000	-	-	4,080,000
Dwiwater Sdn Bhd	RM1.00	5,252	-	-	5,252
Excellent Strategy Sdn Bhd	RM1.00	24,000,000	-	(6,000,000)	18,000,000
Hiap Joo Chong Realty Sdn Bhd	RM1.00	1,000,000	-	-	1,000,000
Kobayashi Optical Sdn Bhd	RM1.00	700,000	-	-	700,000
Lion Gateway Parade Sdn Bhd	RM1.00	255,000	-	-	255,000
Lion Land Berhad	RM1.00	359,559,401	-	(13,112,116)	346,447,285
Lion Mahkota Parade Sdn Bhd	RM1.00	1,000,000	-	-	1,000,000
Lion Mutiara Parade Sdn Bhd	RM1.00	6,000,000	-	-	6,000,000
Lion Plantations Sdn Bhd	RM1.00	8,000,000	-	-	8,000,000
Lion Seremban Parade Sdn Bhd	RM1.00	7,000	-	-	7,000
LLB Enterprise Sdn Bhd	RM1.00	690,000	-	-	690,000
LLB Hazama Incorporated Sdn Bhd	RM1.00	3,300,000	-	-	3,300,000
LLB Strategic Holdings Berhad	RM1.00	4,050,000	-	-	4,050,000
Marvenel Sdn Bhd	RM1.00	100	-	-	100
Ototek Sdn Bhd	RM1.00	1,050,000	-	-	1,050,000
Posim Berhad	RM1.00	182,664,471	-	(3,000,000)	179,664,471
Sabah Forest Industries Sdn Bhd					
- Ordinary share Class 'A'	RM1.00	752,532,412	-	-	752,532,412
- Ordinary share Class 'B'	RM0.10	7,525,324,120	-	-	7,525,324,120
Salient Care Sdn Bhd	RM1.00	1,400,000	-	-	1,400,000
Secom (Malaysia) Sdn Bhd	RM1.00	5,100,000	-	-	5,100,000
Silverstone Berhad	RM1.00	149,903,535	-	-	149,903,535
Soga Sdn Bhd	RM1.00	4,332,078	-	-	4,332,078

Indirect interest	Nominal value per ordinary share	As at 1.7.1999	Number of shares		As at 30.6.2000
			Acquired	Disposed	
Steelcorp Sdn Bhd	RM1.00	99,750	-	-	99,750
Secomex Manufacturing (M) Sdn Bhd	RM1.00	255,000	-	-	255,000
Visionwell Sdn Bhd	RM1.00	16,000,000	-	-	16,000,000
Brewood Investment Pte Ltd	S\$1.00	100	-	-	100
Cornelian Star (S) Pte Ltd	S\$1.00	100	-	-	100
Croydon Investment Pte Ltd	S\$1.00	100	-	-	100
Dawson Investment Pte Ltd	S\$1.00	100	-	-	100
Farringdon Investment Pte Ltd	S\$1.00	100	-	-	100
Holdsworth Investment Pte Ltd	S\$1.00	4,500,000	-	-	4,500,000
Limerick Investment Pte Ltd	S\$1.00	100	-	-	100
Lion Asia Investment Pte Ltd	S\$1.00	27,225,000	-	-	27,225,000
Lion Biotech Pte Ltd	S\$1.00	1,000,000	-	-	1,000,000
Lion Jianmin Pte Ltd	S\$1.00	1,000	-	-	1,000
Lion Rubber Industries Pte Ltd	S\$1.00	10,000,000	-	-	10,000,000
Masoni Investment Pte Ltd	S\$1.00	9,500,000	-	-	9,500,000
Parkson Glomart Pte Ltd	S\$1.00	1,000,000	-	-	1,000,000
Parkson Investment Pte Ltd	S\$1.00	10,000,000	-	-	10,000,000
Parkson Management Pte Ltd	S\$1.00	4,500,000	-	-	4,500,000
Parkson Supplies Pte Ltd	S\$1.00	100	-	-	100
Parkson Venture Pte Ltd	S\$1.00	14,800,000	-	-	14,800,000
Silverstone Tyre (S) Pte Ltd	S\$1.00	31,750,100	-	-	31,750,100
Vochelle Investment Pte Ltd	S\$1.00	4,500,000	-	-	4,500,000
Willet Investment Pte Ltd	S\$1.00	45,954,450	-	-	45,954,450
P T Amsteel Securities Indonesia	Rp1,000	9,350,000	-	-	9,350,000
Hamba Research & Development Co Ltd	NT\$10.00	980,000	-	-	980,000
	<b>Nominal value per ordinary share</b>	<b>As at 8.7.1999</b>	<b>Number of shares</b>		<b>As at 30.6.2000</b>
			<b>Acquired</b>	<b>Disposed</b>	
P T Kebunaria *	Rp1,000,000	14,000	-	-	14,000
* became a related company on 8.7.1999					
	<b>Nominal value per preference share</b>	<b>As at 1.7.1999</b>	<b>Number of shares</b>		<b>As at 30.6.2000</b>
			<b>Acquired</b>	<b>Disposed</b>	
Lion Mahkota Parade Sdn Bhd	RM0.01	400,000	-	-	400,000
Lion Mutiara Parade Sdn Bhd	RM0.01	8,400,000	-	-	8,400,000
Hy-Line Berhad	RM1,000	2,468	2	-	2,470
	<b>Nominal value per deferred share</b>	<b>As at 1.7.1999</b>	<b>Number of shares</b>		<b>As at 30.6.2000</b>
			<b>Acquired</b>	<b>Disposed</b>	
Sabah Forest Industries Sdn Bhd	RM1.00	146,000,000	-	-	146,000,000

<b>Investments in People's Republic of China</b>	<b>Currency</b>	<b>As at 1.7.1999</b>	<b>Acquired</b>	<b>Disposed</b>	<b>As at 30.6.2000</b>
Beijing Parkson Light Industry Development Co Ltd	USD	12,700,000	-	-	12,700,000
Beijing Trostel Property Development Co Ltd	USD	6,650,000	-	-	6,650,000
Beijing Vochelle Foodstuff Co Ltd	USD	3,080,000	-	-	3,080,000
Chongqing Wang Yu Parkson Plaza Co Ltd	Rmb	14,000,000	-	-	14,000,000
Dalian Tianhe Parkson Shopping Center Co Ltd	Rmb	43,154,525	16,845,475	-	60,000,000
Dong Feng Lion Tyre Co Ltd	Rmb	247,638,417	-	-	247,638,417
Hebei Weiyuan Heilen Bio-Chemical Co Ltd	USD	2,313,982	-	-	2,313,982
Huangshi Heilen Pharmaceutical Co Ltd	Rmb	45,416,040	-	-	45,416,040
Hubei Jinlongquan Brewery Co Ltd	USD	17,988,000	-	-	17,988,000
Hubei Jinlong Shenshui Brewery Co Ltd	Rmb	10,000,000	-	-	10,000,000
Hubei Lion Brewery Co Ltd	USD	17,993,990	-	-	17,993,990
Hunan DEbier Brewery Co Ltd	Rmb	132,000,000	-	-	132,000,000
Jiangsu DEbier Brewery Co Ltd	USD	6,587,927	-	-	6,587,927
Mianyang Fulin Parkson Plaza Co Ltd	Rmb	15,000,000	-	-	15,000,000
Nanjing Jingyi Casting Co Ltd	USD	6,750,000	-	-	6,750,000
Ningbo Lion Brewery Co Ltd	Rmb	55,179,657	41,494,566	-	96,674,223
Pingyang Lion Beer Co Ltd	USD	2,585,000	-	-	2,585,000
Shandong DEbier Brewery Co Ltd	Rmb	36,000,000	-	-	36,000,000
Shanghai Hengda Parkson Department Store Co Ltd	USD	2,410,118	-	-	2,410,118
Shanghai Lion Food Industry Co Ltd	USD	14,068,200	-	-	14,068,200
Shanghai Lion Plastic Industrial Co Ltd	USD	3,690,000	-	-	3,690,000
Sichuan Hezheng Parkson Plaza Co Ltd	USD	4,168,645	-	-	4,168,645
Tianjin Baden Real Estate Development Co Ltd	USD	5,000,000	-	-	5,000,000
Tianjin Hua Shi Auto Meter Co Ltd	USD	10,878,944	-	-	10,878,944
Tianjin Zhaoxia Motorcycle Technical Development Co Ltd	USD	860,000	-	-	860,000
Wenzhou Double Deer Brewing Group Co Ltd	USD	12,677,000	-	-	12,677,000
Wuxi Sanyang Parkson Plaza Co Ltd	USD	10,839,396	-	-	10,839,396
Wuhan Fortune Motor Co Ltd	USD	6,000,000	-	-	6,000,000
Wuxi Puhua Electroplating Co Ltd	USD	1,015,000	210,000	-	1,225,000
Wuxi Top Absorber Co Ltd	USD	6,600,000	-	-	6,600,000

<b>Investments in People's Republic of China</b>	<b>Currency</b>	<b>As at 1.7.1999</b>	<b>Acquired</b>	<b>Disposed</b>	<b>As at 30.6.2000</b>
Xian Lucky King Parkson Plaza Co Ltd	Rmb	16,579,917	-	-	16,579,917
Yangzhou Parkson Plaza Co Ltd	USD	4,281,843	-	-	4,281,843
Zhuhai Lion International Bio-Tech Co Ltd (under liquidation)	USD	1,201,506	-	-	1,201,506
Zhuzhou DEbier Brewery Co Ltd	Rmb	65,158,427	-	-	65,158,427
	<b>Currency</b>	<b>As at 30.9.1999</b>	<b>Acquired</b>	<b>Disposed</b>	<b>As at 30.6.2000</b>
Jilin Motor City Park Hotel Co Ltd *	Rmb	60,000,000	-	-	60,000,000

\* became a related company on 30.9.1999

In addition to the above, the following Director is deemed to have an interest in shares of a related company to the extent as follows:

(a) Options granted under the Amsteel Corporation Berhad Executive Share Option Scheme:

	<b>Number of options over ordinary shares of RM0.50 each</b>			
	<b>As at 1.7.1999</b>	<b>Granted</b>	<b>Expired on 28.11.1999</b>	<b>As at 30.6.2000</b>
Tan Sri William H J Cheng	1,000,000	-	(1,000,000)	-

(b) Rights to convert warrants held in Amsteel Corporation Berhad into ordinary shares on the basis of one ordinary share for every one warrant held:

	<b>Number of warrants issued at RM0.30 each</b>			
	<b>As at 1.7.1999</b>	<b>Acquired</b>	<b>Disposed/ Expired on 19.5.2000</b>	<b>As at 30.6.2000</b>
<b>Indirect interest in warrants</b>				
Tan Sri William H J Cheng	86,660,314	-	(86,660,314)	-

#### **EMPLOYEE SHARE OPTION SCHEME ('ESOS')**

The previous ESOS expired on 16 May 1999 and has been replaced by a new scheme. The new ESOS was implemented on 31 May 2000 and will expire on 30 May 2005.

The main features of the new ESOS are:

- Eligible employees are those who had been confirmed as executive employees of the Group with not less than twelve months service immediately before the offer;
- The options granted may be exercised in full or in any lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares;

- (c) The subscription price for each ordinary share under the ESOS shall be the higher of a price to be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than 10% on the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer or the par value of the shares;
- (d) The options granted may be exercised at any time during the period commencing on the date of offer of the option and expiring on the date of expiry of the ESOS or such shorter period as may be specifically stated in the offer;
- (e) The maximum number of new shares in the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS; and
- (f) No eligible executive shall participate at any time in more than one (1) employee share option scheme implemented by any company within the Group.

A total of 3,863,000 options for 3,863,000 ordinary shares of RM0.50 each at a subscription price of RM0.648 each was granted on 19 June 2000.

As at 30 June 2000, there were 3,863,000 unissued shares under the options granted pursuant to the ESOS.

#### **STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

Before the income statements and balance sheets of the Group and the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the opinion of the Directors, no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

#### **OTHER STATUTORY INFORMATION**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Notes 8 and 35 on the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made except as disclosed in Note 36 on the financial statements.

#### **HOLDING AND ULTIMATE HOLDING COMPANY**

The Directors regard Amsteel Corporation Berhad, a quoted company incorporated in Malaysia, as the holding and ultimate holding company.

#### **AUDITORS**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 27 October 2000

**TAN SRI WILLIAM H J CHENG**  
CHAIRMAN

**TAN SRI DATO' MUHAMMAD YUSUFF**  
**BIN MUHAMMAD YUNUS**  
DIRECTOR

Kuala Lumpur  
27 October 2000

## INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	5	<b>691,698</b>	683,468	<b>20,650</b>	33,954
Other operating income		<b>5,549</b>	6,388	<b>1,860</b>	62
Changes in inventories of work in progress and finished goods		<b>(26,962)</b>	(15,468)	<b>(188)</b>	(426)
Raw materials and consumables used		<b>(327,492)</b>	(342,171)	<b>(12,013)</b>	(16,211)
Staff costs		<b>(65,394)</b>	(60,351)	<b>(1,716)</b>	(3,096)
Depreciation and amortisation expenses		<b>(75,457)</b>	(76,005)	<b>(1,632)</b>	(1,956)
Other operating expenses		<b>(151,296)</b>	(144,360)	<b>(3,083)</b>	(3,568)
Profit from operations	6	<b>50,646</b>	51,501	<b>3,878</b>	8,759
Finance costs - net	7	<b>(30,334)</b>	(47,552)	<b>(2,469)</b>	(8,442)
Profit before exceptional items		<b>20,312</b>	3,949	<b>1,409</b>	317
Exceptional items	8	<b>(59,742)</b>	(14,455)	<b>684</b>	-
(Loss)/profit before taxation		<b>(39,430)</b>	(10,506)	<b>2,093</b>	317
Taxation	9	<b>(14,617)</b>	(1,786)	<b>(1,859)</b>	-
(Loss)/profit after taxation		<b>(54,047)</b>	(12,292)	<b>234</b>	317
Minority interests		<b>(11,721)</b>	(4,280)	-	-
Net (loss)/profit attributable to shareholders		<b>(65,768)</b>	(16,572)	<b>234</b>	317
Loss per share (sen)	10	<b>(18.9)</b>	(4.8)		

The notes on pages 32 to 55 form part of these financial statements.



## BALANCE SHEETS

AS AT 30 JUNE 2000

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment	11	823,177	842,045	24,111	33,043
Investment properties	12	445,645	473,705	-	-
Investments in subsidiary companies	13	-	-	90,100	107,813
Other investments	14	321	603	-	-
Intangible assets	15	41,108	50,009	-	-
		<u>1,310,251</u>	<u>1,366,362</u>	<u>114,211</u>	<u>140,856</u>
<b>CURRENT ASSETS</b>					
Inventories	16	106,043	122,476	1,782	2,537
Land and development expenditure	17	16,472	20,522	-	-
Debtors	18	259,342	287,079	498,042	460,394
Deposits, cash and bank balances	19	123,601	46,438	1,923	360
		<u>505,458</u>	<u>476,515</u>	<u>501,747</u>	<u>463,291</u>
<b>LESS: CURRENT LIABILITIES</b>					
Creditors	20	422,264	362,186	50,846	42,995
Short term borrowings	21	230,200	258,603	94,649	90,933
Provision for retrenchment benefits	22	5,053	-	695	-
Provision for taxation		29,416	43,382	213	-
Proposed dividend		125	125	125	125
		<u>687,058</u>	<u>664,296</u>	<u>146,528</u>	<u>134,053</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(181,600)</u>	<u>(187,781)</u>	<u>355,219</u>	<u>329,238</u>
		<u><b>1,128,651</b></u>	<u><b>1,178,581</b></u>	<u><b>469,430</b></u>	<u><b>470,094</b></u>
<b>Financed by:</b>					
Share capital	23	174,202	174,202	174,202	174,202
Reserves	24	429,054	462,331	295,174	295,065
<b>Shareholders' funds</b>		<u><b>603,256</b></u>	<u><b>636,533</b></u>	<u><b>469,376</b></u>	<u><b>469,267</b></u>
<b>NON CURRENT LIABILITIES</b>					
Minority interests		307,806	308,670	-	-
Term loans	25	214,897	228,153	54	755
Deferred taxation	26	2,692	3,368	-	-
Retirement benefits	22	-	1,819	-	60
Hire purchase creditors	27	-	38	-	12
		<u>525,395</u>	<u>542,048</u>	<u>54</u>	<u>827</u>
		<u><b>1,128,651</b></u>	<u><b>1,178,581</b></u>	<u><b>469,430</b></u>	<u><b>470,094</b></u>
<b>Net tangible assets per share (RM)</b>		<u><b>1.61</b></u>	<u><b>1.68</b></u>		

The notes on pages 32 to 55 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	Reserves						Total
		Share capital RM'000	Share premium RM'000	Non-distributable			Accumulated losses RM'000	
				Exchange fluctuation reserves RM'000	Revaluation reserves RM'000	Capital reserves RM'000		
<b>2000</b>								
At beginning of financial year		174,202	330,603	94,447	117,342	7,242	(87,303)	636,533
Translation difference on net equity of foreign subsidiaries		-	-	756	-	-	-	756
Deferred exchange losses written off		-	-	31,860	-	-	-	31,860
Revaluation:								
- realised on disposal of investment properties		-	-	-	(4,264)	-	4,264	-
Appropriation from income statement to capital reserves		-	-	-	-	1,922	(1,922)	-
Net loss for the financial year		-	-	-	-	-	(65,768)	(65,768)
Dividend for the financial year	28	-	-	-	-	-	(125)	(125)
At end of financial year		<u>174,202</u>	<u>330,603</u>	<u>127,063</u>	<u>113,078</u>	<u>9,164</u>	<u>(150,854)</u>	<u>603,256</u>

	Note	Reserves						Total
		Share capital RM'000	Share premium RM'000	Non-distributable			Accumulated losses RM'000	
				Exchange fluctuation reserves RM'000	Revaluation reserves RM'000	Capital reserves RM'000		
<b>1999</b>								
At beginning of financial year		174,202	330,603	97,370	232,000	5,106	(76,205)	763,076
Translation difference on net equity of foreign subsidiaries		-	-	(23,807)	-	-	-	(23,807)
Translation gain on long term foreign borrowings		-	-	12,919	-	-	-	12,919
Deferred exchange losses amortised		-	-	7,965	-	-	-	7,965
Revaluation:								
- deficit arising from revaluation of investment properties		-	-	-	(106,923)	-	-	(106,923)
- realised on disposal of investment properties		-	-	-	(7,735)	-	7,735	-
Appropriation from income statement to capital reserves		-	-	-	-	2,136	(2,136)	-
Net loss for the financial year		-	-	-	-	-	(16,572)	(16,572)
Dividend for the financial year	28	-	-	-	-	-	(125)	(125)
At end of financial year		<u>174,202</u>	<u>330,603</u>	<u>94,447</u>	<u>117,342</u>	<u>7,242</u>	<u>(87,303)</u>	<u>636,533</u>

The notes on pages 32 to 55 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	Share capital RM'000	Reserves		Total RM'000
			Non- distributable Share premium RM'000	Accumulated losses RM'000	
<b>2000</b>					
At beginning of financial year		174,202	330,603	(35,538)	469,267
Net profit for the financial year		-	-	234	234
Dividend for the financial year	28	-	-	(125)	(125)
At end of financial year		<u>174,202</u>	<u>330,603</u>	<u>(35,429)</u>	<u>469,376</u>
<b>1999</b>					
At beginning of financial year		174,202	330,603	(35,730)	469,075
Net profit for the financial year		-	-	317	317
Dividend for the financial year	28	-	-	(125)	(125)
At end of financial year		<u>174,202</u>	<u>330,603</u>	<u>(35,538)</u>	<u>469,267</u>

The notes on pages 32 to 55 form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	2000 RM'000	1999 RM'000
NET CASH FLOW FROM OPERATING ACTIVITIES	A	<u>147,482</u>	<u>89,878</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		156	12,246
Proceeds from disposal of investment properties		28,655	6,385
Proceeds from disposal of investments		284	-
Purchase of property, plant and equipment		(74,558)	(70,821)
Pre-operating and pre-production expenditure		-	(2,291)
Purchase of propriety technology and patents		(952)	(2,875)
Net advances to related companies		(1,549)	(68,671)
Acquisition of a subsidiary company	B	-	(2,194)
Net cash flow used in investing activities		<u>(47,964)</u>	<u>(128,221)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(125)	(627)
Repayment of short term borrowings		(24,174)	(197,614)
Repayment of long term loans		(39,879)	(6,066)
Proceeds from short term borrowings and long term loans drawdown		26,542	33,000
Payment of hire purchase instalments		(38)	(1,873)
Deposits earmarked for bond redemption		(16,700)	-
Capital contribution from minority interests		19,733	9,152
Net cash flow used in financing activities		<u>(34,641)</u>	<u>(164,028)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	C	<u><u>64,877</u></u>	<u><u>(202,371)</u></u>

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000 (continued)

	2000 RM'000	1999 RM'000
<b>A</b>		
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(39,430)	(10,506)
Adjustments for:		
Depreciation of property, plant and equipment	70,173	69,581
Property, plant and equipment written off/written down	25,338	9,794
Gain on disposal of property, plant and equipment and investment properties	(812)	(257)
Unrealised exchange losses	31,860	12,103
Amortisation of goodwill on consolidation	95	95
Amortisation of pre-operating and pre-production expenditure	2,148	2,534
Amortisation of proprietary technology and patents	3,041	3,795
Provision for retirement benefits	14	184
Reversal of provision for retirement benefits	(1,828)	-
Provision for retrenchment benefits	5,053	-
Provision for obsolete inventories	4,375	7,371
Provision for doubtful debts	6,406	6,583
Inventories written off	4,512	932
Goodwill on consolidation written off	242	-
Pre-operating expenditure written off	4,463	-
Interest expense	39,574	53,602
Interest income	(9,240)	(6,050)
	<b>145,984</b>	<b>149,761</b>
Decrease/(increase) in working capital:		
Inventories	7,832	5,700
Land and development expenditure	4,050	1,197
Debtors	28,341	(6,415)
Creditors	(4,636)	(43,549)
	<b>181,571</b>	<b>106,694</b>
Interest paid	(28,083)	(10,905)
Interest received	1,479	970
Retirement benefits paid	(5)	(9)
Tax paid - net	(7,480)	(6,872)
Net cash flow from operating activities	<b>147,482</b>	<b>89,878</b>

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000 (continued)

	2000 RM'000	1999 RM'000
<b>B ACQUISITION OF A SUBSIDIARY COMPANY</b>		
The fair value of assets and liabilities of the subsidiary company acquired were as follows:		
Property, plant and equipment	-	10,589
Investments	-	8
Inventories	-	4,511
Debtors	-	5,402
Cash and bank balances	-	96
Intangible assets	-	302
Creditors	-	(12,088)
Short term borrowings	-	(366)
Minority interests	-	(4,428)
	<hr/>	<hr/>
Goodwill on acquisition	-	4,026
	<hr/>	<hr/>
Cost of acquisition	-	4,576
Previously recognised as other investments	-	(2,286)
	<hr/>	<hr/>
Balance of cost of acquisition paid during the financial year, by way of cash	-	2,290
Cash and bank balances from subsidiary company acquired	-	(96)
	<hr/>	<hr/>
Net cash flow from acquisition of a subsidiary company	<hr/> <hr/>	<hr/> <hr/>
<b>C ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
At beginning of financial year	<b>(6,476)</b>	198,497
Net increase/(decrease) in cash and cash equivalents during the financial year	<b>64,877</b>	(202,371)
Effect on currency translation	<b>47</b>	(2,602)
	<hr/>	<hr/>
At end of financial year	<b>58,448</b>	(6,476)
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Deposits, cash and bank balances	<b>123,601</b>	46,438
Bank overdrafts	<b>(48,453)</b>	(52,914)
	<hr/>	<hr/>
Less: Deposits earmarked for bond redemption	<b>75,148</b>	(6,476)
	<b>(16,700)</b>	-
	<hr/>	<hr/>
	<b>58,448</b>	(6,476)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 32 to 55 form part of these financial statements.

## COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	2000 RM'000	1999 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,093	317
Adjustments for:		
Amortisation of pre-operating expenses	-	335
Depreciation of property, plant and equipment	1,632	1,621
Property, plant and equipment written off/written down	7,341	-
Dividend income	(1,538)	(9,720)
(Gain)/loss on disposal of property, plant and equipment	(4)	5
Gain on disposal of a subsidiary company	(66,700)	-
Provision of diminution in value of investments in subsidiary companies	7,713	-
Provision for obsolete inventories	540	183
Provision for doubtful debts	50,341	-
Provision for retrenchment and retirement benefits - net	635	19
Interest expense	9,193	11,406
Interest income	(6,724)	(2,964)
	<u>4,522</u>	<u>1,202</u>
Decrease/(increase) in working capital:		
Inventories	215	631
Debtors	(2,905)	(336)
Creditors	4,986	1,441
	<u>6,818</u>	<u>2,938</u>
Interest paid	(1,289)	(1,034)
Tax refund/(paid)	846	(1,989)
Net cash flow from/(used in) operating activities	<u><u>6,375</u></u>	<u><u>(85)</u></u>

## COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000 (continued)

	2000 RM'000	1999 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	54	1
Purchase of property, plant and equipment	(91)	(586)
Dividend received	1,107	6,998
Net advances to related companies	(8,734)	(41,070)
Net cash flow used in investing activities	<u>(7,664)</u>	<u>(34,657)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	288	29,328
Repayment of short term borrowings	(553)	(1,822)
Repayment of long term loans	(117)	(701)
Dividend paid	(125)	(627)
Payment of hire purchase instalments	(38)	(29)
Net cash flow (used in)/from financing activities	<u>(545)</u>	<u>26,149</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>	<b>(1,834)</b>	<b>(8,593)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>(12,199)</b>	<b>(3,606)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b><u>(14,033)</u></b>	<b><u>(12,199)</u></b>
<b>Represented by:</b>		
Deposits, cash and bank balances	1,923	360
Bank overdrafts	(15,956)	(12,559)
	<u>(14,033)</u>	<u>(12,199)</u>

The notes on pages 32 to 55 form part of these financial statements.



## NOTES ON THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

The Company is an investment holding company which is also involved in management services and manufacturing and sales of a malted cocoa beverage. The principal activities of its subsidiary companies are shown in Note 32 on the financial statements.

The number of employees in the Group and the Company as at 30 June 2000 was 7,529 (1999: 7,743) employees and 75 (1999: 74) employees respectively.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office and principal place of business of the Company is:

Level 46, Menara Citibank  
165 Jalan Ampang  
50450 Kuala Lumpur

### 2 GOING CONCERN

The Group incurred a loss after taxation and minority interests of RM65,768,000 during the financial year ended 30 June 2000. At that date, current liabilities of the Group exceeded current assets by RM181,600,000. As disclosed in Notes 21 and 25 on the financial statements, the Group and the Company have not serviced some of its principal borrowings and interest charges.

The Board of Directors has formulated a Group Wide Restructuring Scheme which will involve the restructuring of the Group's and the Company's debts and rationalisation of the Group's structure whereby core businesses would be redefined and non-core businesses would be divested. In addition, certain subsidiary companies are presently re-negotiating with their bankers to extend the repayment schedules on existing term loans.

The Directors are of the opinion that the restructuring scheme referred to above will be successfully implemented and the subsidiary companies will be able to obtain extended repayment schedules on existing term loans from their bankers. Accordingly, the Directors consider that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern.

### 3 BASIS OF ACCOUNTING

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain property, plant and equipment and investment properties), unless otherwise indicated in the individual policy statements in Note 4 on the financial statements.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

**(a) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the date of acquisition or up to the date of disposal. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated. Separate disclosure is made of minority interests.

**(b) Goodwill**

Goodwill arising on consolidation represents the excess of the purchase consideration over the fair value of the net assets of subsidiary companies at the date of acquisition. Goodwill is amortised systematically over the period of time during which the benefits are expected to accrue but not exceeding 20 years.

Goodwill is written down immediately through the income statement if there is a permanent diminution in value.

**(c) Investments**

Investments in subsidiary companies and other investments are stated at cost less provision for any permanent diminution in value.

**(d) Investment properties**

Investment properties consist of freehold and leasehold properties stated at valuation. It is the Group policy to appraise the investment properties periodically and at least once in every five years by independent professional valuers based on market value. In respect of each individual property, any surplus arising therefrom will be taken to the revaluation reserve. A deficit is charged to the income statement to the extent that it is in excess of amount outstanding in the revaluation reserve. On subsequent sale of the property, the reserve is realised through retained earnings.

**(e) Property, plant and equipment**

Leasehold land and buildings are stated at cost or Directors' valuation in 1981 based on independent professional valuation on a market value basis. The Directors have applied the transitional provisions of International Accounting Standards No. 16 (Revised) Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board which allow the leasehold land and buildings to be stated at their 1981 valuation less depreciation. Accordingly, these valuations have not been updated. All other property, plant and equipment is stated at cost.

Freehold land and construction in progress are not depreciated. Leasehold land is amortised over the periods of the respective leases. Other property, plant and equipment is depreciated over their estimated useful lives on the straight line basis at the following annual rates:

Buildings	2% - 8%
Plant and machinery	2% - 15%
Motor vehicles	13% - 20%
Office equipment, furniture and fittings	10% - 20%

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(f) Finance leases/hire purchase**

Fixed assets acquired under finance leases/hire purchase are capitalised and depreciated in accordance with the depreciation policy set out in Note 4(e). Outstanding obligations under finance leases/hire purchase are included as liabilities. Finance charges arising from finance leases/hire purchase are allocated to the income statement over the periods of the leases/hire purchase on the "sum-of-digits" basis.

##### **(g) Inventories**

Inventories consist of raw materials, consumables stores, work-in-progress and finished goods, are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average basis.

For work-in-progress and finished goods, cost represents materials, direct labour and an appropriate proportion of production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

##### **(h) Land and development expenditure**

Land and development expenditure consist of land held for development, related development costs common to projects and portion of profit attributable to development work performed to date, less applicable progress billings. Developed land is stated at cost.

Income from development projects is recognised on the percentage of completion method. Foreseeable losses on contracts are provided for in full. All expenditure incurred on uncompleted projects are capitalised and are included in the balance sheets as development expenditure.

##### **(i) Intangible assets**

Intangible assets are not revalued.

The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

(i) Pre-operating expenses is written off in the year it is incurred. Pre-production expenditure are capitalised and amortised using the straight line method over their estimated useful lives of not exceeding 10 years upon commencement of commercial operations/production.

(ii) Proprietary technology and patents are capitalised and amortised using the straight line method over their estimated useful lives of between 10 and 50 years.

##### **(j) Trade debtors**

Trade debtors are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debtors based on review of material outstanding amounts at the period end.

##### **(k) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Deferred taxation**

Provision is made using the liability method for taxation deferred by timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely.

Deferred tax benefits are recognised only if there is a reasonable expectation of their realisation.

**(m) Revenue recognition**

Revenue are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

Revenue relating to long term development projects are accounted for under the percentage of completion method; the stage of completion is measured by reference to the development costs incurred to date to estimated total development costs for each project.

Car park collections are recognised upon receipt of cash from customers.

Rental, interest and dividend income are recognised on the accruals basis.

**(n) Foreign currencies**

**(i) Transactions in foreign currencies**

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling at the transaction dates or at contracted rates, where applicable. At balance sheet date, monetary assets and liabilities resulting from foreign currency transactions are translated into Ringgit Malaysia at exchange rates ruling at that date or at contracted rates, where applicable.

Unrealised exchange differences arising on long term foreign currency monetary items are deferred and recognised in income of current and future periods on a systematic basis over the remaining lives of the monetary items to which they relate, except that exchange losses on an item are not deferred if it is expected that recurring exchange losses will arise on that item in future. The deferred portion of the exchange differences is reflected in the Exchange Fluctuation Reserves.

All other exchange differences are dealt with through the income statement.

**(ii) Translation of foreign currency operations**

In the Group accounts, assets and liabilities of overseas subsidiaries are translated into Ringgit Malaysia at the exchange rates ruling at the balance sheet date. Results of operations of those foreign entities are translated at average rates for the financial year that best approximates the exchange rates at the dates of the transactions. Exchange differences are dealt with through the Exchange Fluctuation Reserves.

The principal closing rates used in translation of foreign currencies amounts were as follows:

Foreign currencies	<b>30.6.2000</b> RM	<b>30.6.1999</b> RM
1 USD (United States of America)	<b>3.80</b>	3.80
1 SGD (Singapore)	<b>2.18</b>	2.22
1 Rmb (People's Republic of China)	<b>0.46</b>	0.46

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (o) Retrenchment benefits

Provision is made in respect of cost of retrenchment benefits payable to employees based on percentages of their last drawn basic salaries and the number of completed years of service.

##### (p) Retirement benefits

The periodic cost of unfunded staff retirement benefits under a defined benefit plan is provided for employees in the chocolate and confectionery division in accordance with an independent actuarial valuation of the benefits on the Projected Benefit (Aggregate) Valuation Method. The latest actuarial valuation was carried out at 30 June 1995. Past service costs and experience adjustments are recognised systematically over the remaining working lives of the employees.

In view of the Group's planned divestment of the chocolate and confectionery division (Note 35), retrenchment benefits will be paid to the employees. As a result, the retirement benefits scheme no longer applies and the provisions made for retirement benefits have been reversed (Note 22).

#### 5 REVENUE

Revenue of the Group represents the invoiced value of the goods sold and services provided less returns and discounts allowed, rental income, car park collections and progress billings from development projects.

Revenue of the Company represents the invoiced value of goods sold and services provided less returns and discounts allowed, dividend income and rental income.

#### 6 PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
The following items have been charged/ (credited) in arriving at profit from operations:				
Directors' fees	33	32	33	32
Auditors' remuneration	322	325	31	31
Property, plant and equipment:				
- Depreciation	70,173	69,581	1,632	1,621
- Loss on disposal	22	2,653	-	5
- Write off	5,193	9,794	-	-
Rental of land and buildings	4,333	3,866	51	27
Amortisation of goodwill on consolidation	95	95	-	-
Amortisation of proprietary technology and patents	3,041	3,795	-	-
Amortisation of pre-operating and pre-production expenditure	2,148	2,534	-	335
Provision for retirement benefits	14	184	14	19
Provision for doubtful debts	6,406	6,583	-	-
Provision for obsolete inventories	4,375	7,371	540	183
Goodwill on consolidation written off	242	-	-	-
Pre-operating and pre-production expenditure written off	4,463	-	-	-

**6 PROFIT FROM OPERATIONS (Continued)**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Inventories written off	-	932	-	-
Gross dividends from subsidiary companies	-	-	(1,538)	(9,720)
Rental income	(43,332)	(44,836)	(1,222)	(1,222)
Gain on disposal of property, plant and equipment	(27)	-	(4)	-
Gain on disposal of investment properties	(807)	(2,910)	-	-
	<b>(44,166)</b>	<b>(46,814)</b>	<b>(2,764)</b>	<b>(11,142)</b>

**7 FINANCE COSTS - net**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest expense	(39,574)	(53,602)	(9,193)	(11,406)
Interest income	9,240	6,050	6,724	2,964
Total	<b>(30,334)</b>	<b>(47,552)</b>	<b>(2,469)</b>	<b>(8,442)</b>

**8 EXCEPTIONAL ITEMS**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Deferred exchange losses written off/amortised	(31,860)	(7,965)	-	-
Translation loss on net foreign borrowings	-	(6,490)	-	-
Provisions arising from the planned divestment of chocolate and confectionery division:				
Diminution in assets value				
- property, plant and equipment	(20,145)	-	(7,341)	-
- inventories	(4,512)	-	-	-
Retrenchment benefits (net)	(3,225)	-	(621)	-
Provision for doubtful debts on amounts owing by subsidiary companies	-	-	(50,341)	-
Provision for diminution in value of investments in subsidiary companies	-	-	(7,713)	-
Gain on disposal of a subsidiary company to another subsidiary company	-	-	66,700	-
Total	<b>(59,742)</b>	<b>(14,455)</b>	<b>684</b>	<b>-</b>

**9 TAXATION**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
The taxation amount for the financial year comprises:				
Arising in Malaysia:				
Current taxation				
- current year tax (charge)/recoverable	(2,944)	2,702	(57)	-
- (under)/over provision in prior years	(1,844)	633	(1,802)	-
Deferred taxation (Note 26)	676	1,165	-	-
	<u>(4,112)</u>	<u>4,500</u>	<u>(1,859)</u>	<u>-</u>
Arising outside Malaysia:				
Current taxation charge	(10,505)	(6,286)	-	-
Total	<u>(14,617)</u>	<u>(1,786)</u>	<u>(1,859)</u>	<u>-</u>

The taxation charge of the Group is in respect of certain profitable subsidiary companies in the property and brewery divisions. The effective tax rate of the Company is higher than the statutory income tax rate mainly due to certain expenses not deductible for tax purposes.

**10 LOSS PER SHARE**

The loss per share is calculated by dividing the Group's loss after taxation and minority interests of RM65,768,000 (1999: RM16,572,000) by the weighted average number of ordinary shares of the Company in issue during the financial year of 348.4 million (1999: 348.4 million).

The fully diluted earnings per share is not disclosed as the basic earnings per share is a negative figure.

## 11 PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Construction in progress RM'000	Total RM'000
NET BOOK VALUE AT 1 JULY 1998	9,716	19,001	185,785	330,567	8,476	15,406	338,892	907,843
Exchange differences	-	-	(24,722)	(17,558)	(471)	(685)	(9,492)	(52,928)
Acquisition of a subsidiary company	-	-	4,219	6,370	-	-	-	10,589
Additions	-	61	5,949	34,397	4,336	4,446	21,632	70,821
Reclassification	-	-	101,685	147,776	6,413	(2,755)	(253,119)	-
Disposals/written off/ written down	(9,582)	-	(321)	(13,702)	(1,005)	(89)	-	(24,699)
Depreciation charge	(134)	(460)	(13,627)	(50,122)	(2,433)	(2,805)	-	(69,581)
NET BOOK VALUE AT 30 JUNE 1999	-	18,602	258,968	437,728	15,316	13,518	97,913	842,045
Exchange differences	-	-	723	1,167	42	26	278	2,236
Additions	-	81	5,975	32,095	1,130	2,433	32,844	74,558
Reclassification	-	-	(3,407)	83,883	(33)	3,799	(84,242)	-
Disposals/written off/ written down	-	(485)	(1,638)	(21,505)	(844)	(1,010)	(7)	(25,489)
Depreciation charge	-	(460)	(8,782)	(55,422)	(2,406)	(3,103)	-	(70,173)
NET BOOK VALUE AT 30 JUNE 2000	-	17,738	251,839	477,946	13,205	15,663	46,786	823,177
AT 30 JUNE 1999								
Cost	-	19,539	290,625	572,108	20,596	25,349	97,913	1,026,130
Valuation	-	2,500	-	-	-	-	-	2,500
Accumulated depreciation	-	(3,437)	(31,657)	(134,380)	(5,280)	(11,831)	-	(186,585)
Net book value	-	18,602	258,968	437,728	15,316	13,518	97,913	842,045
AT 30 JUNE 2000								
Cost	-	19,135	291,840	664,353	20,170	30,971	46,786	1,073,255
Valuation	-	2,500	-	-	-	-	-	2,500
Accumulated depreciation	-	(3,897)	(40,001)	(186,407)	(6,965)	(15,308)	-	(252,578)
Net book value	-	17,738	251,839	477,946	13,205	15,663	46,786	823,177



**11 PROPERTY, PLANT AND EQUIPMENT (Continued)**

**COMPANY**

	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Construction in progress RM'000	Total RM'000
NET BOOK VALUE AT 1 JULY 1998	-	12,953	-	20,585	106	440	-	34,084
Additions	-	61	-	102	-	423	-	586
Disposals/written off/ written down	-	-	-	(6)	-	-	-	(6)
Depreciation charge	-	(304)	-	(1,231)	(26)	(60)	-	(1,621)
NET BOOK VALUE AT 30 JUNE 1999	-	<b>12,710</b>	-	<b>19,450</b>	<b>80</b>	<b>803</b>	-	<b>33,043</b>
Additions	-	81	-	10	-	-	-	91
Disposals/written off/ written down	-	(485)	-	(6,588)	(57)	(261)	-	(7,391)
Depreciation charge	-	(305)	-	(1,234)	(13)	(80)	-	(1,632)
NET BOOK VALUE AT 30 JUNE 2000	-	<b>12,001</b>	-	<b>11,638</b>	<b>10</b>	<b>462</b>	-	<b>24,111</b>
AT 30 JUNE 1999								
Cost	-	12,716	-	24,675	228	1,147	-	38,766
Valuation	-	2,500	-	-	-	-	-	2,500
Accumulated depreciation	-	(2,506)	-	(5,225)	(148)	(344)	-	(8,223)
Net book value	-	<b>12,710</b>	-	<b>19,450</b>	<b>80</b>	<b>803</b>	-	<b>33,043</b>
AT 30 JUNE 2000								
Cost	-	12,314	-	18,097	146	886	-	31,443
Valuation	-	2,500	-	-	-	-	-	2,500
Accumulated depreciation	-	(2,813)	-	(6,459)	(136)	(424)	-	(9,832)
Net book value	-	<b>12,001</b>	-	<b>11,638</b>	<b>10</b>	<b>462</b>	-	<b>24,111</b>

- (a) The titles to certain short term leasehold land have not been transferred to the subsidiary companies as at 30 June 2000.
- (b) Short term leasehold land and buildings of certain subsidiaries have been charged as security for term loans (Notes 21 and 25).
- (c) The net book value of motor vehicles acquired under hire purchase amounted to RM325,000 (1999: RM581,000).

## 11 PROPERTY, PLANT AND EQUIPMENT (Continued)

- (d) The long term leasehold land and buildings stated at valuation were revalued by the Directors in 1981 based on a valuation carried out by a firm of professional valuers using the open market value basis.

Had the revalued long term leasehold land and buildings been included in the financial statements at cost less depreciation, the net book value of these assets would have been RM630,000 (1999: RM680,000).

- (e) Included in the property, plant and equipment of the Group and the Company at 30 June 2000 are certain assets held for disposal (Note 35). The net book values of these assets of the Group and the Company held for disposal amounted to RM35.9 million and RM24.1 million respectively and have been written down to their realisable values.

## 12 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Land and buildings, at valuation:				
At beginning of financial year	473,705	595,000	-	-
Deficit arising from revaluation	-	(106,923)	-	-
Disposals	(28,060)	(14,372)	-	-
At end of financial year	<b>445,645</b>	473,705	-	-
Comprising:				
- freehold	274,378	276,292	-	-
- long term leasehold	171,267	197,413	-	-
Total	<b>445,645</b>	473,705	-	-

The investment properties consist of commercial shopping complexes.

The properties have been charged as security for syndicated term loan and overdraft facilities obtained by subsidiary companies (Notes 21 and 25) and certain credit facilities granted to the Company.

The title to the long term leasehold land has not been transferred to the subsidiary company as at 30 June 2000.

The investment properties were revalued in 1999 by the Directors based on valuations carried out by a firm of professional valuers using the open market value basis.

## 13 INVESTMENTS IN SUBSIDIARY COMPANIES

	COMPANY	
	2000 RM'000	1999 RM'000
Unquoted shares, at cost	111,154	121,154
Less: Provision for diminution in value	(21,054)	(13,341)
	<b>90,100</b>	107,813

The subsidiary companies are listed in Note 32 on the financial statements.

**14 OTHER INVESTMENTS**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Outside Malaysia:				
Treasury bonds and unquoted investments, at cost	<b>321</b>	<b>603</b>	-	-

Included in other investments is an investment made up of a 20% equity interest in Ningbo Lion Beer Sales Co Ltd, a company incorporated in the People's Republic of China. Due to the absence of significant influence to participate in the financial and operating policy decisions of the company, the investment is treated as a simple investment.

**15 INTANGIBLE ASSETS**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Goodwill on consolidation	<b>2,168</b>	2,168	-	-
Accumulated amortisation	(651)	(556)	-	-
Write off	(242)	-	-	-
	<b>1,275</b>	<b>1,612</b>	-	-
Pre-operating and pre-production expenditure	<b>22,884</b>	22,884	<b>1,676</b>	1,676
Proprietary technology and patents	<b>43,610</b>	42,659	-	-
Accumulated amortisation	(22,198)	(17,146)	(1,676)	(1,676)
Write off of pre-operating expenditure	(4,463)	-	-	-
	<b>39,833</b>	<b>48,397</b>	-	-
Total	<b>41,108</b>	<b>50,009</b>	-	-

**16 INVENTORIES**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At cost:				
Raw materials	<b>57,186</b>	34,365	<b>1,757</b>	1,836
Work-in-progress	<b>24,135</b>	30,619	<b>167</b>	67
Finished goods	<b>25,105</b>	41,272	<b>75</b>	363
Consumable stores	<b>11,697</b>	23,925	<b>506</b>	454
	<b>118,123</b>	130,181	<b>2,505</b>	2,720
Less: Provision for obsolete inventories	(12,080)	(7,705)	(723)	(183)
Total	<b>106,043</b>	<b>122,476</b>	<b>1,782</b>	2,537

## 17 LAND AND DEVELOPMENT EXPENDITURE

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At cost:				
Long term leasehold land	39,000	39,000	-	-
Other related costs	1,410	1,410	-	-
	<u>40,410</u>	<u>40,410</u>	<u>-</u>	<u>-</u>
Attributable profit	19,705	18,578	-	-
	<u>60,115</u>	<u>58,988</u>	<u>-</u>	<u>-</u>
Less: Progress billings	(43,643)	(38,466)	-	-
	<u>16,472</u>	<u>20,522</u>	<u>-</u>	<u>-</u>

The title to the land has not been transferred to the subsidiary company as at 30 June 2000.

## 18 DEBTORS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade debtors	61,333	66,997	621	485
Less: Provision for doubtful debts	(10,471)	(9,859)	-	-
	<u>50,862</u>	<u>57,138</u>	<u>621</u>	<u>485</u>
Amounts owing by subsidiary companies	-	-	550,594	463,018
Less: Provision for doubtful debts	-	-	(57,142)	(6,801)
	<u>-</u>	<u>-</u>	<u>493,452</u>	<u>456,217</u>
Amounts owing by related companies	87,089	88,301	-	-
Other debtors, deposits and prepayments	121,391	141,640	3,969	3,692
	<u>259,342</u>	<u>287,079</u>	<u>498,042</u>	<u>460,394</u>

The amounts owing by subsidiary companies are unsecured, have no fixed terms of repayment and interest is charged at rates ranging from 1.0% to 8.0% per annum (1999 : 0.5% to 1.0% per annum) during the financial year.

The amounts owing by related companies are unsecured, have no fixed terms of repayment and interest is charged at rates ranging from 8.1% to 10.3% per annum (1999: 8.2% to 15.0% per annum).

The recoverability of the amounts owing by related companies is dependent on the successful implementation of a scheme involving the restructuring of the related companies' debts and rationalisation of the related group's structure.

## 19 DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Deposits with licensed banks	23,647	7,013	329	329
Deposits with licensed finance companies	10,051	1,774	-	-
Cash and bank balances:				
- Malaysia	14,168	6,183	1,594	31
- Overseas	75,735	31,468	-	-
<b>Total</b>	<b>123,601</b>	<b>46,438</b>	<b>1,923</b>	<b>360</b>

Included in overseas cash and bank balances are cash and bank balances of the subsidiary companies in the People's Republic of China which are subject to the exchange control restrictions of that country.

Included in deposits with licensed banks is an amount of RM16.7 million (1999: Nil) which has been earmarked for the purpose of bond redemption under the proposed Group Wide Restructuring Scheme.

## 20 CREDITORS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade creditors	58,103	66,454	512	1,709
Other creditors and accruals	315,966	244,629	15,023	8,092
Amount owing to holding company	30,438	26,274	11,519	10,282
Amounts owing to subsidiary companies	-	-	19,562	19,016
Amounts owing to related companies	17,739	24,664	4,230	3,871
Hire purchase creditors (Note 27)	18	165	-	25
<b>Total</b>	<b>422,264</b>	<b>362,186</b>	<b>50,846</b>	<b>42,995</b>

The amounts owing to holding company and related companies are unsecured, have no fixed terms of repayment and interest is charged at rates ranging from 9.6% to 10.0% per annum (1999: 11.5% to 15.4% per annum).

The amounts owing to subsidiary companies are unsecured, interest free and have no fixed terms of repayments.

## 21 SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured:				
Bank overdrafts	28,142	34,874	10,985	6,404
Revolving credits	43,621	37,546	43,621	37,546
Short term loans	29,035	12,845	-	-
Term loans -portion repayable within one year (Note 25)	21,344	27,265	-	-
Unsecured:				
Bank overdrafts	20,311	18,040	4,971	6,155
Revolving credits	37,479	43,554	27,479	33,554
Bankers' acceptances	17,464	25,937	4,686	5,239
Short term loans	25,078	54,170	1,622	1,334
Term loans - portion repayable within one year (Note 25)	7,726	4,372	1,285	701
<b>Total</b>	<b>230,200</b>	<b>258,603</b>	<b>94,649</b>	<b>90,933</b>

## 21 SHORT TERM BORROWINGS (Continued)

The short term borrowings are secured against certain land and buildings (Note 11) and investment properties (Note 12).

The interest charged on the short term borrowings ranged from 4.1% to 11.6% per annum (1999: 4.2% to 15.1% per annum).

The Group and Company have not serviced some of their principal borrowings and interest charges. As a result, certain principal bankers have frozen or withdrawn existing credit facilities available to the Group and Company.

In addition, certain subsidiary companies are presently re-negotiating with their bankers to extend the repayment schedules on existing term loans.

Included in the outstanding loans of the Group and of the Company are loans amounting to RM20.4 million (1999: RM15.0 million) and RM16.2 million (1999: RM15.0 million) respectively which have been sold by licensed banks to Danaharta Managers Sdn Bhd and Pengurusan Danaharta Nasional Bhd. The original terms and conditions of the loan agreements remain unchanged.

## 22 PROVISIONS FOR RETRENCHMENT AND RETIREMENT BENEFITS

	GROUP			COMPANY		
	Retrenchment benefits RM'000	Retirement benefits RM'000	Total RM'000	Retrenchment benefits RM'000	Retirement benefits RM'000	Total RM'000
AT 1 JULY 1998	-	1,644	1,644	-	40	40
Provisions made during the year	-	184	184	-	20	20
Utilised during the year	-	(9)	(9)	-	-	-
AT 30 JUNE 1999	-	1,819	1,819	-	60	60
Provisions made during the year	5,053	14	5,067	695	14	709
Utilised during the year	-	(5)	(5)	-	-	-
Reversal of provisions	-	(1,828)	(1,828)	-	(74)	(74)
AT 30 JUNE 2000	<u>5,053</u>	<u>-</u>	<u>5,053</u>	<u>695</u>	<u>-</u>	<u>695</u>
Comprising:						
Current	5,053	-	5,053	695	-	695
Non current	-	-	-	-	-	-
	<u>5,053</u>	<u>-</u>	<u>5,053</u>	<u>695</u>	<u>-</u>	<u>695</u>

The current year provision for retrenchment benefits has been made in view of the Group's announcement to dispose of the chocolate and confectionery division (Note 35). Correspondingly, the provisions for retirement benefits for the division's employees have been reversed as the retirement benefits scheme no longer applies.

## 23 SHARE CAPITAL

	GROUP AND COMPANY	
	2000	1999
	RM'000	RM'000
Authorised:		
1,000,000,000 ordinary shares of 50 sen each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
348,403,501 ordinary shares of 50 sen each	<u>174,202</u>	<u>174,202</u>

The main features of the Company's new Employee Share Option Scheme ('ESOS') are as follows:

- Eligible employees are those who had been confirmed as executive employees of the Group with not less than twelve months service immediately before the offer;
- The options granted may be exercised in full or in any lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares;
- The subscription price for each ordinary share under the ESOS shall be the higher of a price to be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than 10% on the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer or the par value of the shares;
- The options granted may be exercised at any time during the period commencing on the date of offer of the option and expiring on the date of expiry of the ESOS or such shorter period as may be specifically stated in the offer;
- The maximum number of new shares in the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS; and
- No eligible executive shall participate at any time in more than one (1) employee share option scheme implemented by any company within the Group.

The movement during the financial year in the number of options over the shares of the Company pursuant to the new ESOS is as follows:

	2000	1999
	'000	'000
At beginning of financial year	-	-
Granted	<u>3,863</u>	-
At end of financial year	<u>3,863</u>	-

## 24 RESERVES

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	330,603	330,603	330,603	330,603
Exchange fluctuation reserves	127,063	94,447	-	-
Revaluation reserves	113,078	117,342	-	-
Capital reserves	<u>9,164</u>	<u>7,242</u>	-	-
	<u>579,908</u>	549,634	<u>330,603</u>	330,603
Accumulated losses	<u>(150,854)</u>	(87,303)	<u>(35,429)</u>	(35,538)
Total	<u>429,054</u>	462,331	<u>295,174</u>	295,065

The capital reserves are maintained by the Group's subsidiary companies in the People's Republic of China in accordance with the accounting regulations in that country and are not available for payment of dividend.

**25 TERM LOANS**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured:				
Term loans	234,743	249,366	-	-
Less: Portion repayable within one year (Note 21)	(21,344)	(27,265)	-	-
	<u>213,399</u>	<u>222,101</u>	<u>-</u>	<u>-</u>
Unsecured:				
Term loans	9,224	10,424	1,339	1,456
Less: Portion repayable within one year (Note 21)	(7,726)	(4,372)	(1,285)	(701)
	<u>1,498</u>	<u>6,052</u>	<u>54</u>	<u>755</u>
Total	<u><u>214,897</u></u>	<u><u>228,153</u></u>	<u><u>54</u></u>	<u><u>755</u></u>

Syndicated term loans and overdraft facilities obtained by subsidiary companies are secured by way of:

- first party first fixed charge over the investment properties of the subsidiary companies;
- assignment over the rental proceeds from the investment properties of the subsidiary companies; and
- debenture comprising first fixed and floating charge over a subsidiary company's present and future assets.

The tenure of the syndicated term loan facilities is between six to ten years. Interest charged on the term loans ranged from 7.1% to 9.2% per annum (1999: 7.1% to 9.2% per annum).

The secured long term loans of the other subsidiaries are secured against certain land and buildings (Note 11) and are repayable within two to five years. Interest charged on the term loans is at 9.3% per annum (1999: ranged from 7.1% to 10.0% per annum).

The unsecured long term loans are repayable within two to five years. Interest charged on the unsecured term loans ranged from 6.5% to 9.7% per annum (1999: 6.5% to 9.7% per annum).

The Group and Company have not serviced some of their principal borrowings and interest charges. As a result, certain principal bankers have frozen or withdrawn existing credit facilities available to the Group and Company.

In addition, certain subsidiary companies are presently re-negotiating with their bankers to extend the repayment schedules on existing term loans.



**26 DEFERRED TAXATION**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At beginning of financial year	3,368	4,533	-	-
Transfer to income statement (Note 9)	(676)	(1,165)	-	-
At end of financial year	<u>2,692</u>	<u>3,368</u>	<u>-</u>	<u>-</u>

Deferred tax provided for in the financial statements represents the tax effects of revaluation of investment properties.

Deferred tax not provided for in the financial statements:

- tax effects of revaluation of investment properties held for long term

	<u>5,751</u>	<u>5,867</u>	<u>-</u>	<u>-</u>
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Tax losses carried forward:

- estimated potential tax benefit of losses for which no credit has been taken in the net income of current year or prior periods

	<u>21,598</u>	<u>19,938</u>	<u>6,167</u>	<u>6,192</u>
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The unabsorbed tax losses carried forward are subject to agreement by the tax authorities.

**27 HIRE PURCHASE CREDITORS**

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Commitments for hire purchase are payable as follows:				
Payable within one year	23	174	-	28
Payable between 1 and 2 years	-	46	-	18
	<u>23</u>	<u>220</u>	<u>-</u>	<u>46</u>
Less: Finance charges	(5)	(17)	-	(9)
Total	<u>18</u>	<u>203</u>	<u>-</u>	<u>37</u>

Representing hire purchase liabilities:

Due within 1 year (Note 20)	18	165	-	25
Due after 1 year	-	38	-	12
Total	<u>18</u>	<u>203</u>	<u>-</u>	<u>37</u>

**28 DIVIDEND**

	GROUP AND COMPANY	
	2000 RM'000	1999 RM'000
Proposed first and final dividend of 0.05 sen (1999: 0.05 sen) per share, less 28% income tax	<u>125</u>	<u>125</u>

## 29 HOLDING AND ULTIMATE HOLDING COMPANY

The Directors regard Amsteel Corporation Berhad, a quoted company incorporated in Malaysia, as the holding and ultimate holding company.

## 30 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of business, the Group and the Company undertakes on agreed terms and prices, a variety of transactions with its ultimate holding company, subsidiaries and other related companies which are deemed related parties by virtue of their being members of the Amsteel Corporation Berhad group.

The significant related party transactions between the Group and the Company and these entities during the financial year are set out below:

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Income items:				
Rental income from other related companies	6,739	7,246	-	-
Interest income from other related companies	7,614	5,069	-	-
Sales to subsidiary companies	-	-	14,197	18,653
Interest income from subsidiary companies	-	-	6,719	2,660
Rental receivable from subsidiary companies	-	-	1,222	1,222
Disposal of equity interest in a subsidiary company to another subsidiary company	-	-	76,700	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cost/expenditure items:				
Interest expenses payable to holding company	2,336	3,760	983	1,911
Interest expenses payable to other related companies	1,149	1,285	303	270
Purchases from a subsidiary company	-	-	728	189
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Balances with holding, subsidiary and related companies as at the end of the financial year are disclosed in Notes 18 and 20 on the financial statements.

## 31 CONTINGENT LIABILITIES - UNSECURED

Contingent liabilities of the Company in respect of guarantees given to financial institutions for credit facilities granted to subsidiary companies amounted to RM168.7 million (1999: RM177.8 million).

**32 LIST OF SUBSIDIARY COMPANIES**

Name of company	Country of incorporation	Principal activities	Equity interest	
			2000	1999
<u>Subsidiary companies</u>				
Chocolate Products Manufacturing Sdn Bhd	Malaysia	Manufacture of chocolates and other cocoa based products	100%	100%
Chocolate Products Trading Sdn Bhd	Malaysia	Sale of proprietary chocolates, malted cocoa beverage and snacks	100%	100%
Lion Mahkota Parade Sdn Bhd	Malaysia	Property management and operation of foodcourt	99.99%	99.99%
Megavest Sdn Bhd	Malaysia	Property and housing development	100%	100%
Lion Subang Parade Sdn Bhd	Malaysia	Property management	100%	100%
Urban Resources Sdn Bhd	Malaysia	Property development	100%	100%
DEbier Sdn Bhd	Malaysia	Investment holding	-	100%
Chocolate Products (S) Pte Ltd *	Singapore	Investment holding	100%	100%
Chocolate Vochelle (Far East) Ltd *	Hong Kong	Dormant	100%	100%
CP Properties Sdn Bhd	Malaysia	Dormant	100%	100%
Force Ten Sdn Bhd	Malaysia	Dormant	100%	100%
Graimpi Sdn Bhd	Malaysia	Investment holding	100%	100%
Le Chocolatier Boutique (M) Sdn Bhd	Malaysia	Dormant	100%	100%
Vochelle Investment Pte Ltd *	Singapore	Investment holding	60%	60%
<u>Subsidiaries of Lion Subang Parade Sdn Bhd</u>				
Chocolate Products Management Sdn Bhd	Malaysia	Investment holding and operation of foodcourt	100%	100%
Bingkisan Jaya Sdn Bhd *	Malaysia	Dormant	100%	100%
Hypervest Sdn Bhd *	Malaysia	Dormant	100%	100%
Indobaru Sdn Bhd *	Malaysia	Dormant	100%	100%
Jatitrade Sdn Bhd *	Malaysia	Dormant	100%	100%
Pattervest Sdn Bhd *	Malaysia	Dormant	100%	100%

**32 LIST OF SUBSIDIARY COMPANIES (Continued)**

Name of company	Country of incorporation	Principal activities	Equity interest	
			2000	1999
<u>Subsidiaries of Chocolate Products Management Sdn Bhd</u>				
Consitrade (M) Sdn Bhd	Malaysia	Investment holding	100%	100%
Grand Tours & Travel Service Sdn Bhd	Malaysia	Dormant	100%	100%
<u>Subsidiary of Darry's Confectionery Sdn Bhd</u>				
United Brands Trading Sdn Bhd	Malaysia	Dormant	100%	100%
<u>Subsidiaries of Consitrade (M) Sdn Bhd</u>				
Hubei Lion Brewery Co Ltd *	People's Republic of China	Beer brewing	60%	60%
Hubei Jinlongquan Brewery Co Ltd *	People's Republic of China	Beer brewing	60%	60%
Hunan DEbier Brewery Co Ltd * (formerly known as Hunan Lion Brewery Co Ltd)	People's Republic of China	Beer brewing	55%	55%
Ningbo Lion Brewery Co Ltd *	People's Republic of China	Beer brewing	55%	55%
Zhuzhou DEbier Brewery Co Ltd * (formerly known as Zhuzhou Lion Brewery Co Ltd)	People's Republic of China	Beer brewing and mineral water bottling	55%	55%
Shandong DEbier Brewery Co Ltd * (formerly known as Zibo LuLanSha Brewery Co Ltd)	People's Republic of China	Beer brewing	60%	60%
Jiangsu DEbier Brewery Co Ltd * (formerly known as Jiangsu Santai Lion Brewery Co Ltd)	People's Republic of China	Beer brewing	55%	55%
Pingyang Lion Beer Co Ltd *	People's Republic of China	Beer brewing	55%	55%

**32 LIST OF SUBSIDIARY COMPANIES (Continued)**

Name of company	Country of incorporation	Principal activities	Equity interest	
			2000	1999
Shanghai DEbier Management Consulting Co Ltd *	People's Republic of China	Management consulting services	100%	100%
<u>Subsidiaries of Chocolate Products Manufacturing Sdn Bhd</u>				
Darry's Confectionery Sdn Bhd	Malaysia	Manufacture of confectioneries	100%	100%
Chocolats Vochelle AG *	Switzerland	Investment holding and ownership of "Vochelle" and "Darry's" brands	100%	100%
<u>Subsidiary of Vochelle Investment Pte Ltd</u>				
Beijing Vochelle Foodstuff Co Ltd *	People's Republic of China	Ceased operation	70%	70%
<u>Subsidiary of Graimpi Sdn Bhd</u>				
DEbier Sdn Bhd	Malaysia	Investment holding	100%	-
<u>Subsidiaries of DEbier Sdn Bhd</u>				
Wenzhou Double Deer Brewing Group Co Ltd * (formerly known as Wenzhou Lion Brewery Co Ltd)	People's Republic of China	Beer brewing	55%	55%
Pavlova Investment Pte Ltd *	Singapore	Investment holding	100%	100%
<u>Subsidiaries of Wenzhou Double Deer Brewing Group Co Ltd</u>				
Wenzhou Double Deer Beer Marketing Co Ltd *	People's Republic of China	Sale and marketing of beer and other beverage	75% 25% #	-
Zhejiang YanDangShan Lion Brewery Co Ltd *@	People's Republic of China	Beer brewing	90% 10% #	-

**32 LIST OF SUBSIDIARY COMPANIES (Continued)**

Name of company	Country of incorporation	Principal activities	Equity interest	
			2000	1999
<u>Subsidiary of Hubei</u>				
<u>Jinlongquan Brewery</u>				
<u>Co Ltd</u>				
Hubei Jinlong Shenshui Brewery Co Ltd * (formerly known as Hubei Jinlongquan Group Changjiang Brewery Co Ltd)	People's Republic of China	Beer brewing	55.56%	55.56%

\* Not audited by PricewaterhouseCoopers, Malaysia.

# Holding in equity by other subsidiary companies in the Group.

@ Wenzhou Double Deer Brewing Group Co Ltd and Pingyang Lion Beer Co Ltd have entered into a Share Transfer Agreement with JinKeDa Group to acquire the entire equity interest in Zhejiang YanDangShan Lion Brewery Co Ltd ('Zhejiang') for a cash consideration of approximately RM18 million to manufacture beer. The results of Zhejiang have not been consolidated as the Group has no power to exercise control over the company's financial and operating policies so as to obtain the benefits from the company's activities at the end of the financial year.

**33 SEGMENTAL INFORMATION - GROUP**

**(a) Analysis by activity**

	Revenue RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
<b>2000</b>			
Chocolates and confectionery products	54,007	(10,480)	94,681
Beverage	583,103	36,835	1,143,438
Properties	54,588	24,291	577,590
	<u>691,698</u>	<u>50,646</u>	<u>1,815,709</u>
Finance costs - net		(30,334)	
Exceptional items		(59,742)	
Loss before taxation		<u>(39,430)</u>	
<b>1999</b>			
Chocolates and confectionery products	91,064	(17,137)	125,453
Beverage	540,557	33,768	1,103,179
Properties	51,847	34,870	614,245
	<u>683,468</u>	<u>51,501</u>	<u>1,842,877</u>
Finance costs - net		(47,552)	
Exceptional items		(14,455)	
Loss before taxation		<u>(10,506)</u>	

**33 SEGMENTAL INFORMATION - GROUP (Continued)**

**(b) Analysis by geographical location**

	Revenue RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
<b>2000</b>			
Malaysia	111,160	14,822	676,852
People's Republic of China	580,538	35,824	1,138,857
	<u>691,698</u>	<u>50,646</u>	<u>1,815,709</u>
Finance costs - net		(30,334)	
Exceptional items		(59,742)	
Loss before taxation		<u>(39,430)</u>	
<b>1999</b>			
Malaysia	138,951	25,655	702,820
People's Republic of China	544,517	25,846	1,140,057
	<u>683,468</u>	<u>51,501</u>	<u>1,842,877</u>
Finance costs - net		(47,552)	
Exceptional items		(14,455)	
Loss before taxation		<u>(10,506)</u>	

**34 CAPITAL COMMITMENTS**

	GROUP	
	2000 RM'000	1999 RM'000
Approved and contracted for:		
- acquisition of unquoted investments	<u>29,200</u>	<u>18,300</u>

**35 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 6 January 2000, the Group announced the disposal of its malted cocoa beverage, chocolate, confectionery and trading businesses, related industrial buildings, land and trademarks ('Chocolate Businesses') to the Maestro Group of Companies for a total consideration of RM53.5 million ('Proposed Disposals').

As a result, the related assets held for disposal have been written down to their realisable values and provision for retrenchment benefits has been made in the current financial year. The Proposed Disposal was completed subsequent to year end (Note 36(c)).

### 36 POST BALANCE SHEET EVENTS

- (a) On 5 July 2000, the Board of Directors has announced a Group Wide Restructuring Scheme which will involve the restructuring of the Group's and the Company's debts and rationalisation of the Group's structure whereby core businesses would be redefined and non-core businesses would be divested.
- (b) On 14 July 2000, Zhejiang Provincial Commission on Foreign Trade and Economic Corporation had approved a conditional supplementary agreement entered into between Consitrade (M) Sdn Bhd ('Consitrade') and Zhejiang Zhedong Beer Co Ltd ('Zhejiang'), for the dilution of its 55% equity interest in Ningbo Lion Brewery Co Ltd ('Ningbo') by 10.29% to 44.71% with the option for Consitrade to purchase the aforesaid 10.29% equity interest from Zhejiang.

Following the change in the equity interest, Ningbo ceased to be a subsidiary and became an associated company.

- (c) On 29 August 2000, the Proposed Disposals of the Group's Chocolate Businesses (Note 35) was completed. Consequently,
  - (i) the Group has ceased its operations in the manufacture and sale of malted cocoa beverage, chocolate and confectionery; and
  - (ii) the subsidiary companies, Chocolate Products Trading Sdn Bhd, Chocolate Products Manufacturing Sdn Bhd and Darry's Confectionery Sdn Bhd have ceased operations and are now dormant.



## STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI WILLIAM H J CHENG** and **TAN SRI DATO' MUHAMMAD YUSUFF BIN MUHAMMAD YUNUS**, being two of the Directors of **CHOCOLATE PRODUCTS (MALAYSIA) BERHAD**, state that, in the opinion of the Directors, the financial statements set out on pages 23 to 55 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2000 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 27 October 2000

**TAN SRI WILLIAM H J CHENG**  
CHAIRMAN

**TAN SRI DATO' MUHAMMAD YUSUFF  
BIN MUHAMMAD YUNUS**  
DIRECTOR

Kuala Lumpur  
27 October 2000

## STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **TAN SRI WILLIAM H J CHENG**, the Director primarily responsible for the financial management of **CHOCOLATE PRODUCTS (MALAYSIA) BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 23 to 55 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**TAN SRI WILLIAM H J CHENG**

Subscribed and solemnly declared by the abovenamed Tan Sri William H J Cheng before me at Kuala Lumpur in Malaysia on 27 October 2000.

**P. SETHURAMAN**  
W-217  
COMMISSIONER FOR OATHS  
Kuala Lumpur

## REPORT OF THE AUDITORS TO THE MEMBERS OF CHOCOLATE PRODUCTS (MALAYSIA) BERHAD

We have audited the financial statements set out on pages 23 to 55. 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 approved auditing standards in Malaysia. 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 Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 30 June 2000 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Notes 2, 18, 21 and 25 on the financial statements which explain the financial position of the Group and the Company and the plans of the Directors to implement a scheme involving the restructuring of the Group's and the Company's debts, the recoverability of amounts owing by related companies and rationalisation of the Group structure. In addition, certain subsidiary companies are presently re-negotiating with their bankers to extend the repayment schedules on existing term loans. The validity of preparing the financial statements on the going concern basis depends upon successful implementation of these restructuring plans and the subsidiary companies being able to obtain extended repayment schedules on existing term loans from their bankers.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 32 on the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any material qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Public Accountants

ERIC OOI LIP AUN  
(No. 1517/6/02 (J))  
Partner of the firm

Kuala Lumpur  
27 October 2000

## LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2000

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Present Capital Value RM'000
Lot 1359 Lorong Mak Mandin 6 Mak Mandin Industrial Estate Butterworth, Penang	Leasehold 20.8.2070	1.01 hectares	Industrial land and building	Factory (22)	5,008
Lot 2688 Lorong Mak Mandin 6 Mak Mandin Industrial Estate Butterworth, Penang	Leasehold 31.10.2043	1.18 hectares	Industrial land and building	Warehouse and plant (8)	6,993
Menara Jubili Kota Kinabalu Sabah	Leasehold 31.12.2088	1,698.0 sq metres (Ground floor to 2nd floor)	Commercial building	College (8)	5,737
5 Jalan SS 16/1 Subang Jaya Selangor	Freehold	5.20 hectares	Land and building	Office and shopping complex (12)	274,378
PT 487-489 Bandar Hilir Melaka Tengah Daerah Melaka Tengah Melaka	Leasehold 25.7.2090 and 19.10.2091	5.30 hectares	Land and building	Office and shopping complex (7)	171,267
234, Wu Tian Street Wenzhou City Zhejiang, China	Leasehold 28.2.2045	7.58 hectares	Industrial land and building	Office, factory and warehouse (6 – 12)	44,151
89, Chang Ning Road Jing Men City Hubei, China	Leasehold 31.12.2045	10.63 hectares	Industrial land and building	Office, factory and warehouse (4)	36,297
89, Chang Ning Road Jing Men City Hubei, China	Leasehold 31.12.2045	22.52 hectares	Industrial land and building	Office, factory and warehouse (5 – 22)	29,409
28, Hongqi North Road Zhuzhou City Hunan, China	Leasehold 31.12.2045	4.42 hectares	Industrial land and building	Office, factory and warehouse (3 – 12)	15,227
96, Shaoshan Road Changsha City Hunan, China	Leasehold 13.12.2044	4.08 hectares	Industrial land and building	Office, factory and warehouse (3 – 12)	43,899
Quan Fang Tou Kunyang Village Pingyang City Zhejiang, China	Leasehold 30.4.2046	4.49 hectares	Industrial land and building	Office, factory and warehouse (12)	13,967
10, Li Shan Road Yi Yuan District Shangdong, China	Leasehold 31.12.2046	3.60 hectares	Industrial land and building	Office, factory and warehouse (12)	18,569

## LIST OF GROUP PROPERTIES (Continued)

AS AT 30 JUNE 2000

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Present Capital Value RM'000
19, Huanxi Road Diao Pu Village Tai Xing City Jiangsu, China	Leasehold 30.6.2046	9.00 hectares	Industrial land and building	Office, factory and warehouse (5)	33,592
10 Wangziher Lin Changsha Hunan, China	Leasehold 7.4.2050	6.36 hectares	Industrial land and building	Office, factory and warehouse (1)	961

## FORM OF PROXY

I/We .....  
of .....  
being a member/members of CHOCOLATE PRODUCTS (MALAYSIA) BERHAD, hereby appoint .....  
.....  
of.....  
or failing whom .....  
of .....

as my/our proxy to vote for me/us on my/our behalf, at the Thirtieth Annual General Meeting of the Company to be held at the Meeting Hall, Level 23, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 13 December 2000 at 2.00 pm and at any adjournment thereof.

RESOLUTION	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve a first and final dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Y Bhg Dato Murad Mohamed Hashim		
5. To re-elect as Director, Mr Cheng Yong Kwang		
6. To re-appoint Y Bhg Tan Sri Dato' Muhammad Yusuff bin Muhammad Yunus		
7. To re-appoint Auditors		
8. Authority to Directors to issue shares		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this ..... day of .....2000.

No. of shares: .....

Signed: .....

### Representation at Meeting

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or in some other manner approved by its directors.

The instrument of proxy must be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the Meeting.