



CHOCOLATE PRODUCTS (MALAYSIA) BERHAD

A Member of The Lion Group

(9428-T)

LAPORAN TAHUNAN

2002

ANNUAL REPORT

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting of Chocolate Products (Malaysia) Berhad will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 December 2002 at 12.00 noon for the following purposes:

AGENDA

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 30 June 2002. Resolution 1
2. To approve the payment of a first and final dividend of 0.05 sen per ordinary share less 28% Malaysian Income Tax. Resolution 2
3. To approve the payment of Directors' fees amounting to RM91,000 (2001: RM88,000). Resolution 3
4. To re-elect Directors:

 In accordance with Article 98 of the Company's Articles of Association, the following Directors retire by rotation and being eligible, offer themselves for re-election:
 Y. Bhg. Dato Murad Mohamed Hashim Resolution 4
 Mr Cheng Yong Kwang Resolution 5
5. 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. Resolution 6
6. 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 does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

Resolution 7
7. 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 18 December 2002 in respect of shares exempted from mandatory deposit;
- b) shares transferred into the depositor's securities account before 12.30 pm on 20 December 2002 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 31 December 2002 to shareholders on the Register of Members and the Record of Depositors of the Company at the close of business on 20 December 2002.

By Order of the Board

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

Kuala Lumpur
26 November 2002

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 seal or under the hand of an officer or attorney duly authorised.

An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.

The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting.

2. Resolution 7 – 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 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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

I. Directors standing for re-election at the Thirty-Second Annual General Meeting of the Company

- Pursuant to Article 98 of the Company's Articles of Association (Retirement by rotation)

Y. Bhg. Dato Murad Mohamed Hashim
Mr Cheng Yong Kwang

- Further details of Directors standing for re-election are set out in the Directors' Profile appearing on page 6 of this Annual Report.

II. Details of attendance of Directors at Board Meetings

There were seven (7) Board meetings held during the financial year ended 30 June 2002. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 5 and 6 of this Annual Report.

III. Place, date and time of the Thirty-Second Annual General Meeting

The Thirty-Second Annual General Meeting of the Company will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 December 2002 at 12.00 noon.

CORPORATE INFORMATION

Board of Directors	: Y. Bhg. Tan Sri William H. J. Cheng (Chairman) Mr Heah Sieu Lay (Managing Director) Y. Bhg. Dato' Ismail bin Said Y. Bhg. Dato Murad Mohamed Hashim Mr Cheng Yong Kwang Mr George Leong Chee Fook
Secretaries	: Ms Wong Yoke Lin Puan Yasmin Weili Tan bt Abdullah @ Tan Wee Li
Company No.	: 9428-T
Registered Office	: Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel. Nos. : 03-21622155, 03-21613166 Fax No. : 03-21623448 Homepage : http://www.lion.com.my
Share Registrar	: Secretarial Communications Sdn Bhd Level 47, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel. Nos. : 03-21622155, 03-21613166 Fax No. : 03-21623448
Auditors	: PricewaterhouseCoopers 11th Floor, Wisma Sime Darby Jalan Raja Laut 50350 Kuala Lumpur
Principal Bankers	: Alliance Merchant Bank Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad OCBC Bank (Malaysia) Berhad RHB Bank Berhad Utama Merchant Bank Berhad
Stock Exchange Listing	: Kuala Lumpur Stock Exchange
Stock Name	: CHOC
KLSE Stock No.	: 2887
Reuters Code	: CHOC.KL
ISIN Code	: MYL2887OO007

DIRECTORS' PROFILE

TAN SRI WILLIAM H. J. CHENG

Chairman, Non-Independent Non-Executive Director

Aged 59, Y. Bhg. Tan Sri William H. J. Cheng, a Malaysian, has more than 30 years of experience in the business operations of the Lion Group encompassing steel, motor, tyre and chemical, computer and communications, brewery, retail, distribution and trading, agricultural products and property and community development.

Tan Sri William Cheng was appointed to the Board on 27 October 1989. He is also the Chairman of the Option Committee of the Company. His other directorships in public companies are as follow:

- Chairman of Posim Berhad and Angkasa Marketing Berhad, both public listed companies.
- Chairman and Managing Director of Lion Corporation Berhad, a public listed company.
- Director of Amsteel Corporation Berhad and Amalgamated Containers Berhad, both public listed companies.
- Chairman and Managing Director of Silverstone Berhad, a public company.

Tan Sri William Cheng has an indirect shareholding of 232,016,501 ordinary shares of RM0.50 each in the Company. He is deemed to be interested in the subsidiaries of the Company by virtue of his substantial interest in the Company. He also has interest in certain companies which conduct similar business as the Company.

Tan Sri William Cheng attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2002.

Tan Sri William Cheng is the uncle of Mr Cheng Yong Kwang, a Director of the Company and Y. Bhg. Datuk Cheng Yong Kim, a major shareholder of the Company.

HEAH SIEU LAY

Non-Independent Executive Director

Aged 49, Mr Heah Sieu Lay, a Malaysian, received his Bachelor of Arts (Honours) degree in Accountancy from the City of London Polytechnic, London. He is an associate member of the Institute of Chartered Accountants in England and Wales.

Mr Heah is currently the Group Executive Director of the Lion Group responsible for corporate planning and finance. Prior to joining the Lion Group in 1998, he was the Managing Director of RHB Sakura Merchant Bankers Berhad ("RHB Sakura") and has vast experience in the field of corporate finance after having served RHB Sakura for 15 years.

Mr Heah was appointed to the Board on 5 June 2001. He is the Chairman of the Risk Management Committee and a member of the Audit Committee of the Company. He is also a Director of Lion Land Berhad, a public listed company.

Mr Heah attended six (6) of the seven (7) Board Meetings held during the financial year ended 30 June 2002.

DATO' ISMAIL BIN SAID

Independent Non-Executive Director

Aged 53, Y. Bhg. Dato' Ismail bin Said, a Malaysian, received his Bachelor of Economics degree from the University of Malaya.

Dato' Ismail is the President of Institute Usahawan Bumiputera since 1988. He was a member of Parliament (1978-1995), the Parliamentary Secretary of the Ministry of Youth and Sports (1990-1995) and the Chairman of Majlis Amanah Rakyat (1987-1990).

Dato' Ismail was appointed to the Board on 15 September 1995 and is the Chairman of the Company's Audit Committee. He is also a member of the Nomination and Remuneration Committee of the Company. Currently, he is also a Director in Ahmad Zaki Resources Berhad, a public listed company.

He attended all the seven (7) Board Meetings held during the financial year ended 30 June 2002.

DATO MURAD MOHAMED HASHIM
Non-Independent Non-Executive Director

Aged 69, Y. Bhg. Dato Murad Mohamed Hashim, a Malaysian, obtained his Bachelor of Arts degree in International Relations/Economics from the Boston University, Boston, United States of America and Masters of Business Administration Programme, Columbia University Graduate School of Business, New York, the United States of America.

Dato Murad was with ESSO Malaysia Berhad ("ESSO") from 1959 to 1984. In 1984, he was appointed as the Senior Vice President and a member of the Board of Petroleum Nasional Bhd ("Petronas"), Malaysia's national petroleum corporation, by the Prime Minister of Malaysia and after completing his 5-year contract with Petronas, was subsequently re-appointed by the Prime Minister in 1989 to establish and head the Malaysian Palm Oil Promotion Council ("MPOPC") to promote palm oil worldwide and to fight the anti-palm oil campaign initiated in the United States of America. In 1993, he retired as Chief Executive Officer of MPOPC. Dato Murad is a member of the Board of Trustees of World Wildlife Fund.

Dato Murad was appointed to the Board on 19 May 2000 and is the Chairman of the Company's Remuneration Committee. Currently, he is also a Director of Mycom Berhad and Amalgamated Containers Berhad, both public listed companies.

He attended all the seven (7) Board Meetings held during the financial year ended 30 June 2002.

CHENG YONG KWANG
Non-Independent Non-Executive Director

Aged 46, Mr Cheng Yong Kwang, a Singaporean, is an associate of the Institute of Chartered Secretaries and Administrators, United Kingdom ("ICSA") and obtained his fellowship from the ICSA in 1996. He received his diploma in Business Administration from the Sheffield Hallam University, United Kingdom.

Mr Cheng started his career in 1981 with the Lion Group and has held various senior positions in the Lion Group. He has more than 19 years of experience in finance and treasury operations both in the manufacturing and property development sectors. He is the Director of Lion Asiapac Limited, Singapore and an Appointed Commissioner of P T Lion Metal Works Tbk, Indonesia.

Mr Cheng was appointed to the Board on 11 July 1994 and is a member of the Risk Management Committee, Nomination Committee, Remuneration Committee and Option Committee of the Company.

He is the nephew of Y. Bhg. Tan Sri William H. J. Cheng, the Chairman and a major shareholder of the Company. In addition, he is the brother of Y. Bhg. Datuk Cheng Yong Kim, a major shareholder of the Company. Mr Cheng has interest in certain companies which conduct similar business as the Company.

He attended six (6) of the seven (7) Board Meetings held for the financial year ended 30 June 2002.

GEORGE LEONG CHEE FOOK
Independent Non-Executive Director

Aged 56, Mr George Leong Chee Fook, a Malaysian, received his Bachelor of Economics (Honours) degree from the University of Malaya.

Mr George Leong joined Malaysian Industrial Development Authority ("MIDA") immediately after his graduation until December 2000 and was a Director of MIDA's offices in Germany and Australia, and the Metal and Engineering Supporting Industries in MIDA's headquarters.

Mr George Leong was appointed to the Board on 5 June 2001 and is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. He is also a Director of Stamford College Berhad, a public listed company.

Mr George Leong attended all the seven (7) Board Meetings held during the financial year ended 30 June 2002.

Save as disclosed, none of the Directors has i) any interest in the Company or its subsidiaries; ii) any family relationship with any Director and/or major shareholder of the Company; iii) any conflict of interest with the Company; and iv) any conviction for offences within the past 10 years other than traffic offences.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Chocolate Products (Malaysia) Berhad ("the Board") recognises the importance of practising good corporate governance and fully supports the recommendation of the Malaysian Code on Corporate Governance ("the Code"). The Board is committed in ensuring that the highest standard of corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities to direct the businesses of the Group towards enhancing business prosperity and corporate accountability.

These principles and best practices have been applied throughout the financial year ended 30 June 2002. The Board is pleased to disclose below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code.

1. DIRECTORS

The Board

The Board assumes responsibility for leading and controlling the Group towards realising long term shareholders' values. The Board has the overall responsibility for reviewing and adopting strategic plans for the Group, overseeing the conduct of the Group's businesses, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the company's system of internal controls.

The Board meets on a quarterly basis, with additional meetings convened as necessary. During the financial year ended 30 June 2002, seven (7) Board meetings were held. Details of attendance by Directors are set out in the Directors' Profile.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision.

Board Balance

The Board comprises six (6) Directors, of whom five (5) are non-executive. The current Board composition complies with the Listing Requirements of the Kuala Lumpur Stock Exchange ("KLSE"). The profile of the members of the Board are set out on pages 5 and 6 of this Annual Report. The composition of the Board reflects the broad range of experience, skills and knowledge necessary for the effective stewardship of the Group.

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority.

Represented on the Board are two (2) independent non-executive Directors who bring their independent judgement to bear on the decision-making process of the Group to ensure that a fully balanced and unbiased deliberation process is in place to safeguard the interests of other stakeholders. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

To assist in discharging its duties, the Board may form committees delegated with specific authority and which operate under approved terms of reference or guidelines, whenever required.

Supply of Information

The members of the Board in their individual capacity have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Besides direct access to management staff, external professional advisers are also made available to render their independent views and advice to the Board, whenever required.

The Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

Appointments to the Board

In accordance with best practices in the Code, the Board has established the Nomination Committee. The Nomination Committee is responsible for recommending the right candidates with the necessary skills, experience and competencies to be appointed to the Board and also assessing the effectiveness of the Board and the contribution of each Director. The members and terms of reference of the Nomination Committee are presented on page 14.

All Directors have attended the Mandatory Accreditation Programme and will undergo relevant training on a continuous basis as prescribed by the KLSE.

Re-election

One third (1/3) of the Directors retire from office at every annual general meeting but shall be eligible for re-election. All Directors retire from office at least once every three (3) years but shall be eligible for re-election.

2. DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code in determining the remuneration of Directors so as to ensure that it attracts and retains the Directors needed to run the Company successfully. Directors do not participate in decisions regarding their own remuneration. The responsibilities for developing the remuneration policy and determining the remuneration packages of Executive Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The members and terms of reference of the Remuneration Committee are presented on page 14.

Directors' fees are endorsed by the Board for approval by shareholders of the Company at annual general meetings.

The details of the remuneration of each Director who served during the financial year ended 30 June 2002 are as follows:

	Fees RM	Salaries & Other Emoluments RM	Total RM
<u>Executive</u>			
Mr Heah Sieu Lay	18,000	-	18,000
<u>Non-Executive</u>			
Y. Bhg. Tan Sri William H. J. Cheng	15,000	-	15,000
Y. Bhg. Dato' Ismail bin Said	20,000	-	20,000
Y. Bhg. Dato Murad Mohamed Hashim	10,000	-	10,000
Mr Cheng Yong Kwang	10,000	-	10,000
Mr George Leong Chee Fook	18,000	-	18,000
	73,000	-	73,000
Total	91,000	-	91,000

The number of Directors whose total remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Executive	Non-Executive
15,000 & below	-	3
15,001 – 30,000	1	2

3. SHAREHOLDERS

The Group values dialogues with investors. The Group has been practising open discussions with investors/analysts upon request. In this regard, information is disseminated in strict adherence to the disclosure requirements of the KLSE.

The annual general meeting is the principal forum for dialogue with shareholders. There is an open question and answer session in which shareholders may raise questions regarding the proposed resolutions at the meeting as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to provide explanations to shareholders' queries.

4. ACCOUNTABILITY AND AUDIT

The Board has established an Audit Committee to oversee the financial reporting and the effectiveness of the internal control of the Group. The Audit Committee comprises three (3) Directors, the majority of whom are independent. The responsibilities and activities of the Audit Committee are set out in the Audit Committee Report on pages 12 and 13.

The Audit Committee met seven (7) times during the financial year.

Directors' Responsibility in Financial Reporting

The Directors are satisfied that for the financial year ended 30 June 2002, the financial statements presented give a true and fair view of the state of affairs of the Group and of the Company and of the results and cash flows of the Group and of the Company. In preparing the financial statements, the Group has applied, on a consistent basis, the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965.

Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's position and prospect through the annual financial statements and quarterly announcements to shareholders. The Board is also responsible for ensuring that the accounting records of the Group are properly kept. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to adoption of the financial statements of the Group and of the Company.

Internal Control

The Board has overall responsibility for maintaining a sound system of internal controls, which encompasses financial, operational, compliance controls and risk management. This is necessary for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding shareholders' investment and the Group's assets. These controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

A Risk Management Committee was established during the financial year to assist the Board in identifying and assessing risks and the control measures within the Group to comply with the Listing Requirements of the KLSE and the best practices as set out by the Code.

Relationship with the Auditors

The Board has established a formal and transparent relationship with the Auditors. The Audit Committee recommends the appointment of the External Auditors and their remuneration. The appointment of the External Auditors is subject to the approval of shareholders at the annual general meeting whilst their remuneration is determined by the Board. The role of both the External and Internal Auditors are further described in the Audit Committee Report.

STATEMENT ON INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.27(b), of the KLSE's Listing Requirements requires directors of listed companies to include a statement in their annual reports on the state of their internal controls. The KLSE's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board of Directors' Internal Control Statement, which has been prepared in accordance with the Guidance.

Board Responsibility

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems. However, it should be noted that such systems are designed to manage rather than to eliminate risks that may impede the achievement of the Group's objectives. The systems can therefore only provide reasonable, and not absolute assurance against material misstatements or loss. The system of internal control covers risk management and financial, organisational, operational and compliance controls.

Following the issuance of the Guidance, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group that has been put in place for the year and up to the date of approval of the Annual Report and financial statements. The process is regularly reviewed by the Board through its Audit Committee and assisted by the Internal Auditors.

Risk Management Framework

The Board is aware that a sound system of internal control should be embedded in the operations of the Group and forms part of its culture. In order to bring greater awareness of employees towards risk identification, evaluation, control and monitoring, an external professional firm of consultants was appointed to assist in the formalisation of a Corporate Risk Management Framework for the Group. The framework covers the following initiatives, which were undertaken during the financial year:

- Holding of Risk Awareness Seminars for all operational managers of the Group to inculcate understanding of potential and current risks as faced by the various operating companies within the Group
- Workshops and training were conducted with operational managers to familiarise themselves with the principal risks and controls and the maintenance of a database of such risk profiles based on likelihood of occurrence and magnitude of impact
- Formation of Risk Management Committee ("RMC") at the group level as well as Risk Management Teams at operation level charged with the responsibility of continuously reviewing and maintaining risk profiles identified

Subsequent to the financial year end, presentation was made to the Audit Committee by the Chairman of the RMC on key findings of risk profile on a quarterly basis.

The next step in risk management process is the issuance of a Corporate Risk Management manual which will outline the risk management framework for the Group and will offer guidance for all employees on risk management issues.

Control and Monitoring Process

The other key elements of the Group's internal control system are:

- An operational structure with defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability
- A documented delegation of authority with clear lines of responsibility in identifying the approving authority of various transactions

- Internal policies and procedures are in place and are regularly updated to reflect changing risks or resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by its internal audit function to the Board via the Audit Committee
- Detailed budgeting process established requiring all business units to prepare budget and business plan on an annual basis
- Effective reporting systems which expose significant variances against budget and plan are in place to monitor performance. Key variances are followed up by the management and reported to the Board on a quarterly basis
- The monitoring of control procedures is achieved through management review by the responsible Director reporting to the Board. This is complemented by reviews undertaken by the internal audit function on the controls in operation in each individual business unit. Regular reports are produced and presented to the Audit Committee which will assess the impact of control issues and review remedial actions implemented by the management

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT COMMITTEE REPORT

COMPOSITION

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

Members

- Y. Bhg. Dato'Ismael bin Said
(Chairman, Independent Non-Executive Director) Appointed on 15 September 1995
- Mr George Leong Chee Fook
(Independent Non-Executive Director) Appointed on 5 June 2001
- Mr Heah Sieu Lay
(Non-Independent Executive Director) Appointed on 5 June 2001

Secretaries

The Joint-Secretaries of Chocolate Products (Malaysia) Berhad, Ms Wong Yoke Lin and Puan Yasmin Weili Tan bt Abdullah @ Tan Wee Li are also Joint-Secretaries of the Audit Committee.

AUTHORITY

The Audit Committee is authorised by the Board to review and investigate any matter within its Terms of Reference. The Committee is authorised to seek any information it requires from any Director or management staff in the discharge of its duties, including seeking external professional advice.

TERMS OF REFERENCE

- To consider the appointment of external auditors and the audit fee
- To discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved
- To review the quarterly announcements to the Kuala Lumpur Stock Exchange and year end annual financial statements before submission to the Board, focusing on:
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgemental areas
- To discuss problems and reservations arising from the interim and final external audits, and any matter the external auditors may wish to discuss (in the absence of management, where necessary)
- To review the external auditors' management letter and management's response thereto
- To establish the following with the internal audit function:
 - review the adequacy of scope, function and resources of the internal audit department and that it has the necessary authority to carry out its work
 - review internal audit programme
 - ensure co-ordination of external audit with internal audit
 - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function

- To monitor related party transactions entered into by the Company and the Group, and to ensure that the Directors report such transactions annually to shareholders via the annual report
- To review the effectiveness of internal control systems
- To appraise or assess the members of the internal audit function

MEETINGS

The Audit Committee meets at least four (4) times a year and additional meetings may be convened as and when deemed necessary. Meetings called to review the quarterly and annual financial statements are held prior to presentation to the Board for approval.

During the financial year under review, seven (7) Audit Committee Meetings were held. Y. Bhg. Dato'Ismael bin Said and Mr George Leong Chee Fook attended all the meetings held in the financial year. Mr Heah Sieu Lay attended six (6) out of the seven (7) meetings of the Audit Committee held for the financial year under review.

ACTIVITIES

During the financial year, the Audit Committee met to review the quarterly reports and annual financial statements of Chocolate Products (Malaysia) Berhad and its subsidiaries. The Audit Committee has met with the external auditors to discuss and consider the nature and scope of the audit, and significant changes and developments on accounting practices and standards issued by both the Malaysian Accounting Standards Board and International Accounting Standard Body. Also discussed was the management's response to the various issues and internal control weaknesses highlighted by the external auditors in the 2002 Report on Examination to the Board. The Audit Committee concurrently reviewed and endorsed the internal audit programme of the Group and deliberated on the internal auditors' findings and recommendations. The Audit Committee also reviewed all recurrent related party transactions ("RRPTs") entered into between the Group and its related parties as mandated by a shareholders' mandate for RRPTs obtained from the shareholders on 24 January 2002 ("Shareholders'Mandate").

The Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

INTERNAL AUDIT

The internal audit team performed its duties in accordance with its annual audit plan covering review of the internal control systems and operational audit of various subsidiaries. They have also conducted RRPTs reviews to ensure compliance with the review procedures as prescribed in the Shareholders'Mandate.

This year, the Internal Auditors with the oversight of the Audit Committee and Risk Management Committee has facilitated the development and implementation of Strategic Corporate Risk Scorecard programme in order to ensure the Company's risk management strategies for critical business risks are adequately addressed.

NOMINATION COMMITTEE

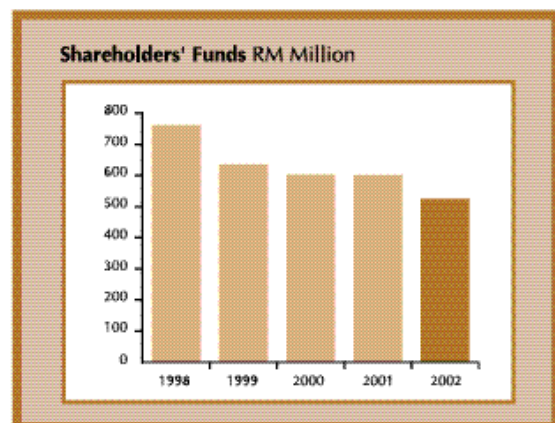
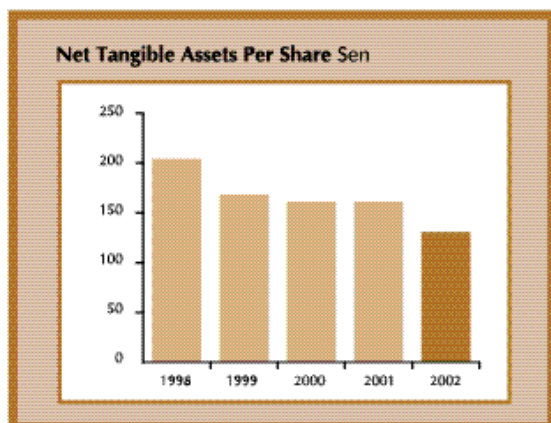
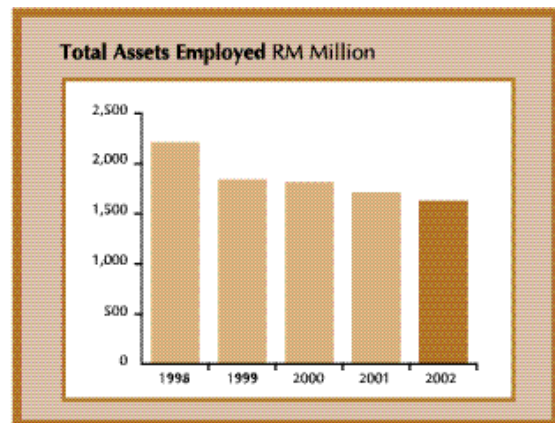
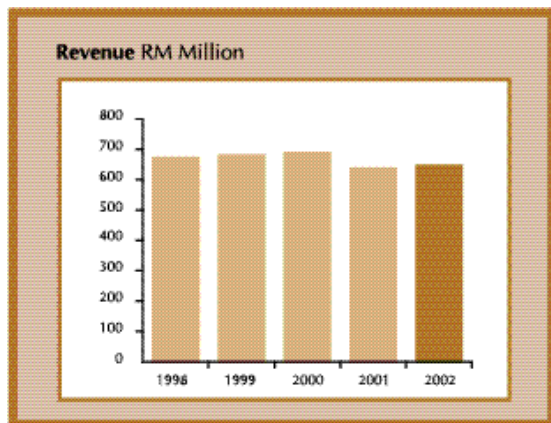
Chairman	:	Mr George Leong Chee Fook (Independent Non-Executive Director)
Members	:	Y. Bhg. Dato'Ismael bin Said (Independent Non-Executive Director) Mr Cheng Yong Kwang (Non-Independent Non-Executive Director)
Terms of Reference	:	<ul style="list-style-type: none"> • To recommend to the Board, candidates for directorships in Chocolate Products (Malaysia) Berhad • To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder • To recommend to the Board, directors to fill the seats on Board Committees • To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board • To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director, based on the process and procedure laid out by the Board

REMUNERATION COMMITTEE

Chairman	:	Y. Bhg. Dato Murad Mohamed Hashim (Non-Independent Non-Executive Director)
Members	:	Y. Bhg. Dato'Ismael bin Said (Independent Non-Executive Director) Mr Cheng Yong Kwang (Non-Independent Non-Executive Director)
Terms of Reference	:	<ul style="list-style-type: none"> • To recommend to the Board the remuneration of the Executive Directors in all its form, drawing from outside advice as necessary • To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

5 YEARS' GROUP FINANCIAL HIGHLIGHTS

	1998	1999	2000	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	675,153	683,468	691,698	614,372	615,031
Profit/(loss) before taxation	(32,017)	(10,506)	(39,430)	21,063	6,453
Profit/(loss) after taxation	(33,995)	(12,292)	(54,047)	3,154	(10,424)
Dividends:					
Rate (%)	0.5	0.1	0.1	0.1	0.1
Amounts (net of tax)	627	125	125	125	125
Total assets employed	2,213,634	1,842,877	1,815,709	1,712,947	1,592,136
Shareholders' funds	763,076	636,533	603,256	602,298	512,645
Net tangible assets	710,619	586,524	562,148	560,417	471,129
	Sen	Sen	Sen	Sen	Sen
Net tangible assets per share	204	168	161	161	135
Loss per share	(13.4)	(4.8)	(18.9)	(1.0)	(2.3)



THE GROUP'S BUSINESSES



Modern facilities in our breweries in China to ensure stringent quality control of the beer produced.

Kelengkapan moden di kilang-kilang bir di China yang memastikan kawalan kualiti yang ketat ke atas bir yang dihasilkan.



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



Subang Parade, a shopping and food haven with its endless choices.
Subang Parade, syurga membeli-belah dan makanan dengan pelbagai pilihan.



A celebration of good times at Mahkota Parade.
Suasana ceria di Mahkota Parade.

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 2002.

PRESTASI KEWANGAN

Untuk tahun kewangan yang ditinjau, Kumpulan mencatatkan perolehan berjumlah RM615 juta berbanding RM614 juta pada tahun kewangan sebelumnya. Perolehan ini disumbangkan oleh Bahagian Bir di China dan Bahagian Hartanah tempatan.

Walaupun Kumpulan mencatatkan peningkatan perolehan yang marginal, keuntungan sebelum cukai yang lebih rendah berjumlah RM6.5 juta telah dicatatkan berbanding RM21.1 juta yang dilaporkan pada tahun sebelumnya. Prestasi yang menurun ini disebabkan oleh sumbangan yang lebih rendah daripada Bahagian Bir yang beroperasi dalam suasana perniagaan yang sengit pada tahun ini akibat pemotongan harga yang berleluasa. Kos pemasaran meningkat ketara susulan daripada usaha bahagian bir untuk mengekalkan kedudukannya sebagai pendominasi pasaran.

PERKEMBANGAN KORPORAT

a) Seperti yang diumumkan oleh syarikat pemegang utama Kumpulan, Amsteel Corporation Berhad bersama-sama dengan Lion Land Berhad, Lion Corporation Berhad dan Angkasa Marketing Berhad (kesemuanya dikenali sebagai "Syarikat-Syarikat Skim"), pindaan cadangan Skim Penyusunan Semula Seluruh Kumpulan ("SPSSK") telah mendapat kelulusan daripada Kementerian Perdagangan Antarabangsa dan Industri, Jawatankuasa Pelaburan Asing, Bank Negara Malaysia, Suruhanjaya Sekuriti dan para Pemiutang Skim.

Pindaan cadangan SPSSK kini menunggu kelulusan daripada Bursa Saham Kuala Lumpur, para pemegang saham Syarikat-Syarikat Skim dan lain-lain pihak berkuasa berkenaan.

b) Pada 5 November 2001, Lion Brewing Group Co Ltd ("Lion Brewing"), subsidiari 55% milik Syarikat telah memeterai dua perjanjian berasingan untuk meningkatkan pegangan saham ekuiti dalam Pingyang Lion Beer Co Ltd daripada 55% kepada 79.6%. Cadangan pengambilalihan ini masih belum selesai.

c) Pada 20 Februari 2002, Syarikat telah mengumumkan bahawa cadangan pengambilalihan baki 45% kepentingan ekuiti dalam Jiangu DEBier Brewery Co Ltd termasuk pinjaman para pemegang saham telah dibatalkan kerana tidak memenuhi satu syarat yang telah ditetapkan.

d) Pada 8 Julai 2002, Lion Brewing dan Conistrade (M) Sdn Bhd, subsidiari milik penuh Syarikat, telah memeterai perjanjian untuk mengambilalih sejumlah 79.6% kepentingan ekuiti dalam Jinhua Lion Brewery Co Ltd. Cadangan pengambilalihan ini masih belum selesai.

e) Pada 21 Oktober 2002, Syarikat telah menerima Surat Tawaran untuk cadangan pelupusan Subang Parade untuk balasan berjumlah RM223.4 juta bersama-sama perjanjian opsiyen panggilan untuk cadangan pelupusan Mahkota Parade untuk balasan berjumlah RM146.5 juta.

TINJAUAN OPERASI

Bahagian Hartanah

Seperti pada tahun kewangan yang lepas, kedua-dua buah pusat membeli belah utama kita, Subang Parade dan Mahkota Parade terus menyumbangkan pendapatan yang konsisten walaupun berhadapan dengan persaingan sengit dari pusat-pusat membeli-belah lain di kawasan berhampiran.

Bahagian ini berupaya mencatat perolehan berjumlah RM49 juta berbanding RM53 juta pada tahun sebelumnya. Keuntungan yang dicatatkan juga adalah rendah berjumlah RM29 juta berbanding RM32 juta yang dilaporkan sebelum ini. Kadar penyewaan di Mahkota Parade adalah sebanyak 86% manakala Subang Parade mencatatkan kadar penyewaan sebanyak 94%.

Bahagian Bir

Pada tahun kewangan yang ditinjau, prestasi keseluruhan operasi-operasi bir kita telah terjejas ketara ekoran persaingan sengit dalam pasaran bir di China. Kos pengangkutan yang meningkat, perbelanjaan promosi yang lebih tinggi serta rebat kepada para pengedar telah mengakibatkan penyusutan margin.

Pertumbuhan pasaran bir di China adalah lebih rendah, pada kadar 5% berbanding 6% pada tahun sebelumnya. Jumlah keseluruhan pengambilan bir dianggarkan sebanyak 23 juta tan metrik, menjadikan

China sebagai negara pengeluaran bir kedua terbesar di dunia selepas Amerika Syarikat.

Memandangkan persaingan pasaran yang sengit, pihak pengurusan akan terus memberi tumpuan terhadap kos perbelanjaan dan peningkatan pengeluaran, meningkatkan asas pelanggan dan menggiatkan lagi kegiatan promosi secara agresif untuk premium jenama bir keluarannya.

DIVIDEN

Lembaga Pengarah mengesyorkan dividen kasar pertama dan akhir sebanyak 0.05 sen (2001: 0.05 sen) sesaham, ditolak cukai pendapatan untuk kelulusan para pemegang saham di Mesyuarat Agung Tahunan yang akan datang. Jumlah dividen bersih berbayar jika diluluskan akan berjumlah RM0.1 juta (2001: RM0.1 juta).

PROSPEK

Persaingan sengit dalam pasaran bir di negara China dijangka akan berterusan dengan kemasukan pengilang-pengilang bir dari luar negara. Walau bagaimanapun, tertakluk kepada perkara-perkara yang tidak diduga, para Pengarah menjangkakan Kumpulan dapat mengekalkan keuntungannya.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih dan penghargaan ikhlas kepada pengurusan dan kesemua kakitangan atas usaha gigih, dedikasi dan iltizam anda sekalian kepada Kumpulan.

Saya juga ingin mengucapkan ribuan terima kasih kepada para pelanggan, pembiaya, sekutu perniagaan, pihak berkuasa kerajaan dan 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 2002.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a revenue of RM615 million as against RM614 million in the previous financial year. The Group's revenue was contributed by our China Brewery Division and the local Property Division.

Despite a marginal improvement in the Group's revenue, a lower profit before tax of RM6.5 million was achieved as compared to RM21.1 million reported in the previous year. The drop in performance was attributable to lower contribution from our Brewery Division which during the year operated under a difficult business environment as a result of intense price undercutting. Marketing cost was significantly higher in order to maintain the Brewery Division's dominant market position.

CORPORATE DEVELOPMENTS

- a) The proposed Group Wide Restructuring Scheme, as announced by the Group's ultimate holding company, Amsteel Corporation Berhad together with Lion Land Berhad, Lion Corporation Berhad and Angkasa Marketing Berhad (collectively the "Scheme Companies") ("Proposed GWRS") has been approved by the Ministry of International Trade and Industry, Foreign Investment Committee, Bank Negara Malaysia, Securities Commission and Scheme Creditors.

The Proposed GWRS is pending approvals from the Kuala Lumpur Stock Exchange, Shareholders of the Scheme Companies and any other relevant authorities.

- b) On 5 November 2001, Lion Brewing Group Co Ltd ("Lion Brewing"), a 55% owned subsidiary of the Company, entered into 2 separate agreements to increase the Group's stake in the equity of Pingyang Lion Beer Co Ltd from 55% to 79.6%. The proposed acquisition is pending completion.
- c) On 20 February 2002, the Company announced that the proposed acquisition of the remaining 45% equity interest in Jiangsu DEBier Brewery Co Ltd inclusive of shareholders' loan had been terminated due to the non-fulfilment of a condition precedent.
- d) On 8 July 2002, Lion Brewing and Consitrade (M) Sdn Bhd, a wholly owned subsidiary of the

Company, entered into agreements to acquire a total of 79.6% equity interest in Jinhua Lion Brewery Co Ltd. The proposed acquisition is pending completion.

- e) On 21 October 2002, the Group has accepted a Letter of Offer for the proposed divestment of Subang Parade for a consideration of RM223.4 million and entered into a call option agreement for the proposed divestment of Mahkota Parade for a consideration of RM146.5 million.

REVIEW OF OPERATIONS

Property Division

As in the previous financial year, our two premier shopping centres, Subang Parade and Mahkota Parade continued to generate consistent income despite the intense competition from other retail centres in their vicinity.

The division managed to achieve a revenue of RM49 million as against RM53 million in the previous year. Profit was correspondingly lower at RM29 million as against RM32 million reported previously. Occupancy rate for Mahkota Parade was 86% whilst Subang Parade recorded an occupancy rate of 94%.

Brewery Division

For the financial year under review, the overall performance of our brewery operations has been adversely affected by the intense competition in the China brewery market. Higher transportation cost, heavy promotional expenses and rebates to dealers have resulted in margin erosion.

Growth in the China beer market was lower at 5% as against 6% in the previous year. Total volume consumed was estimated at 23 million metric tons, ranking China as the second biggest brewing country in the world after the United States of America.

In view of the keen competition, the management will continue to focus on cost and production improvements, enhance its customer base and aggressively promote its premium brands.

DIVIDEND

The Board is recommending a first and final gross dividend of 0.05 sen (2001 : 0.05 sen) per ordinary 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 (2001 : RM0.1 million).

PROSPECTS

The brewery market in China is expected to remain highly competitive with the increased presence of sizeable foreign brewers. However, barring unforeseen circumstances, the Directors expect the Group to maintain its profitability.

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 to the Group.

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



主席报告

我谨代表董事部，欣然提呈本集团截止2002年6月30日为止的财政年度的常报告和经审核财务报告。

财务表现

在本财政年度，本集团的营业额是6亿1千500万零吉，上一个财政年度则是6亿1千400万零吉。集团的营业额来自我们在中国的酿酒部和本地的产业部。

尽管营业额稍微增加，税前利润减少到650万零吉，上一个财政年度的税前利润是2千110万零吉。营业利润表现较差，是由于在这个财政年度内，我们的酿酒部面对激烈的削价竞争，导致这个部门的利润减少。为了要设法保住酿酒部在市场上所占的支配地位，销售成本显著的提高。

企业发展

a) 建议中的整个集团重组计划(“重组计划”)已经获得国际贸易与工业部、外劳委员会、马来西亚中央银行、证券委员会以及计划债权人批准。重组计划涉及本集团的最终控股公司，合钢实业有限公司以及金狮置地有限公司、金狮机构有限公司和安卡沙经销有限公司(合称“计划公司”)。

建议中的重组计划还有待吉隆坡股票交易所、各有关计划公司的股东以及任何有关当局批准。

b) 在2001年11月5日，本公司拥有55%股权的子公司金狮啤酒集团有限公司(“金狮啤酒”)签订两项个别的协议书，使金狮啤酒在平阳金狮有限公司的股权从55%增加到79.6%。这项收购有待完成。

c) 在2002年2月20日，公司宣布，收购江苏华狮啤酒有限公司的其余45%股权(包括股东贷款)的计划被终止，这是由于一个先决条件没有获得履行。

d) 在2002年7月8日，金狮啤酒与本公司独资的子公司Consitrade (M) Sdn Bhd联合签订一项协议书，以收购金华金狮啤酒有限公司的79.6%股权。这项收购有待完成。

e) 在2002年10月21日，本集团接受一项意向书，以便进行建议中出售首邦百利的计划，款议价是2亿2千340万零吉。本集团也签订一项买主购买选择权，以进行建议中出售皇冠百利的计划，款议价是1亿4千650万零吉。

业务检讨

产业部

和上一个财政年度一样，我们的两个首要的购物中心首邦百利和皇冠百利，尽管面对它们周围其

他购物中心的激烈竞争，仍然继续获得稳健的收入。

这个部门在本财政年度获得4千900万零吉的收入，上一个年度的收入是5千300万零吉。利润则是2千900万零吉，比上一个年度的3千200万零吉稍低。皇冠百利的租用率是86%，而首邦百利的租用率高达94%。

酿酒部

在本财政年度，我们的酿酒部总业绩表现，受到中国酿酒市场激烈竞争的不利影响。较高的运输费、更大笔的促销支出以及给予代理商的回扣，使到利润率下跌。

在本年度，中国啤酒市场的成长率降低至5%，上一个年度的成长率是6%。中国的啤酒消费总量是大约2千300万公吨，使它仅次于美国，成为世界上第二大的酿酒国。

鉴于竞争激烈，管理层将会继续把注意力集中在改善成本和生产、加强顾客层面以及积极推销其著名品牌的啤酒。

股息

董事会建议，派发一次过末期股息每股0.05仙(2001年度为每股0.05仙)扣除所得税。以及获得将举行的常年股东大会通过。如果获得批准，本会财政年度分发的股息总额是10万零吉(2001年度为10万零吉)。

展望

由于外国大酿酒厂的介入，中国的酿酒市场预料将继续保持高度竞争性。不过，董事部预测，除非出现预想不到的情况，本集团们仍可保持其盈利。

鸣谢

我谨此代表董事部，真诚感谢管理层及所有职员勤奋工作，以及对本集团的献身精神。

我也要感谢所有尊贵的客户、银行、商业伙伴、政府机构和股东们，继续支持我们及给予信心。

主席
丹斯里钟廷森

FINANCIAL STATEMENTS

2002

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002

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 2002.

PRINCIPAL ACTIVITIES

The Group is principally involved in beer brewing and property management. The Company is an investment holding company. The principal activities of the subsidiary companies are shown in Note 34 to 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	(10,424)	320
Minority interests	2,530	-
Net (loss)/profit for the financial year	<u>(7,894)</u>	<u>320</u>

DIVIDENDS

The dividends paid by the Company since 30 June 2001 were as follows:

	RM'000
In respect of the financial year ended 30 June 2001 as proposed in the Directors' report of that financial year a first and final dividend of 0.05 sen per share on 348,403,501 ordinary shares, less income tax of 28%, paid on 31 December 2001	<u>125</u>

For the financial year ended 30 June 2002, the Directors now recommend the payment of a first and final gross dividend of 0.05 sen per share on 348,403,501 ordinary shares, less income tax of 28%, 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
Heah Sieu Lay
Dato'Ismael bin Said
Cheng Yong Kwang
Dato Murad Mohamed Hashim
George Leong Chee Fook

In accordance with Article 98 of the Company's Articles of Association, Dato Murad Mohamed Hashim and Cheng Yong Kwang retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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' fees disclosed in Note 9 to 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 except for any benefit which may be deemed to have arisen by virtue of the balances and transactions between the Company and its related companies and certain companies in which certain Directors of the Company and/or its subsidiary companies are substantial shareholders as disclosed in Note 32 to the financial statements.

DIRECTORS' INTERESTS

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

<u>Indirect interest</u>	Nominal value per ordinary share	As at 1.7.2001	Number of shares		As at 30.6.2002
			Acquired	Disposed	
Tan Sri William H. J. Cheng	RM0.50	232,425,501	-	(409,000)	232,016,501

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

<u>Direct interest</u>	Nominal value per ordinary share	As at 1.7.2001	Number of shares		As at 30.6.2002
			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

DIRECTORS' INTERESTS (Continued)

Indirect interest	Nominal value per ordinary share	Number of shares			
		As at 1.7.2001	Acquired	Disposed	As at 30.6.2002
Tan Sri William H. J. Cheng					
Amsteel Corporation Berhad	RM0.50	471,511,886	-	(4,794,000)	466,717,886
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	87,892,150	-	-	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 voluntary liquidation)	RM1.00	4,080,000	-	-	4,080,000
Dwiwater Sdn Bhd	RM1.00	5,252	-	-	5,252
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 Land Berhad	RM1.00	343,083,285	-	(904,000)	342,179,285
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 Damai Holdings Sdn Bhd	RM1.00	4,315,385	507,692	-	4,823,077
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	178,488,171	-	(386,000)	178,102,171
Sabah Forest Industries Sdn Bhd					
- Ordinary shares Class 'A'	RM1.00	752,532,412	-	-	752,532,412
- Ordinary shares 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	-	(161,070)	149,742,465
Soga Sdn Bhd	RM1.00	4,332,078	-	-	4,332,078
Steelcorp Sdn Bhd	RM1.00	99,750	-	-	99,750
Visionwell Sdn Bhd	RM1.00	16,000,000	-	-	16,000,000
Brewood Investment Pte Ltd	SGD1.00	100	-	-	100
Chocolate Investment Pte Ltd	SGD1.00	4,500,000	-	-	4,500,000
Cornelian Star (S) Pte Ltd	SGD1.00	100	-	-	100
Croydon Investment Pte Ltd	SGD1.00	100	-	-	100
Dawson Investment Pte Ltd	SGD1.00	100	-	-	100
Farringdon Investment Pte Ltd	SGD1.00	100	-	-	100
Holdsworth Investment Pte Ltd	SGD1.00	4,500,000	-	-	4,500,000

DIRECTORS' INTERESTS (Continued)

<u>Indirect interest</u>	Nominal value per ordinary share	As at 1.7.2001	Number of shares		As at 30.6.2002
			Acquired	Disposed	
Limerick Investment Pte Ltd	SGD1.00	100	-	-	100
Lion Asia Investment Pte Ltd	SGD1.00	27,225,000	-	-	27,225,000
Lion Biotech Pte Ltd	SGD1.00	1,000,000	-	-	1,000,000
Lion Jianmin Pte Ltd	SGD1.00	1,000	-	-	1,000
Lion Rubber Industries Pte Ltd	SGD1.00	10,000,000	-	-	10,000,000
Masoni Investment Pte Ltd	SGD1.00	9,500,000	-	-	9,500,000
Parkson Glomart Pte Ltd	SGD1.00	1,000,000	-	-	1,000,000
Parkson Investment Pte Ltd	SGD1.00	10,000,000	-	-	10,000,000
Parkson Management Pte Ltd	SGD1.00	4,500,000	-	-	4,500,000
Parkson Supplies Pte Ltd	SGD1.00	100	-	-	100
Parkson Venture Pte Ltd	SGD1.00	14,800,000	-	-	14,800,000
Silverstone Tyre (S) Pte Ltd	SGD1.00	31,750,100	-	-	31,750,100
Willet Investment Pte Ltd	SGD1.00	45,954,450	-	-	45,954,450
P T Amsteel Securities Indonesia	Rp1,000	9,350,000	-	-	9,350,000
P T Kebunaria	Rp1,000,000	14,000	-	-	14,000
Hamba Research & Development Co Ltd	NT\$10.00	980,000	-	-	980,000

<u>Indirect interest</u>	Nominal value per preference share	As at 1.7.2001	Number of shares		As at 30.6.2002
			Acquired	Disposed	
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	2,505	11	(21)	2,495

<u>Indirect interest</u>	Nominal value per deferred share	As at 1.7.2001	Number of shares		As at 30.6.2002
			Acquired	Disposed	
Sabah Forest Industries Sdn Bhd	RM1.00	146,000,000	-	-	146,000,000

DIRECTORS' INTERESTS (Continued)

Investments in the People's Republic of China	Currency	As at 1.7.2001	Acquired	Disposed	As at 30.6.2002
Beijing Future Century E-business Co Ltd	Rmb	600,000	-	-	600,000
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	60,000,000	-	-	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 (under liquidation)	Rmb	45,416,040	-	-	45,416,040
Hubei Jinlongquan Brewery Co Ltd	USD	17,988,000	-	-	17,988,000
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	6,625,001	-	-	6,625,001
Jilin Motor City Park Hotel Co Ltd	Rmb	60,000,000	-	-	60,000,000
Jinlongquan Brewery (Xiaogan) Co Ltd	Rmb	10,000,000	-	-	10,000,000
Lion Brewing Group Co Ltd	USD	12,677,000	-	-	12,677,000
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
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 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
Wuhan Fortune Motor Co Ltd	USD	6,000,000	-	-	6,000,000
Wuxi Puhua Electroplating Co Ltd	USD	1,225,000	-	-	1,225,000
Wuxi Sanyang Parkson Plaza Co Ltd	USD	10,839,396	-	-	10,839,396
Wuxi Top Absorber Co Ltd	USD	6,600,000	-	-	6,600,000
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
Zhu Zhou DEbier Brewery Co Ltd	Rmb	81,158,427	-	-	81,158,427

Other than as disclosed above, the Directors of the Company do not have any other interest in the shares of the Company or its related companies during the financial year.

EMPLOYEE SHARE OPTION SCHEME ('ESOS')

The ESOS was implemented on 31 May 2000 and will expire on 30 May 2005.

The main features of the ESOS are:

- (a) 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;
- (b) 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; and
- (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.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

The movements during the financial year in the number of options over the shares of the Company pursuant to the ESOS are as follows:

Granted on	Subscription price per share	Balance as at 1.7.2001	Granted	Exercised	Lapsed	Balance as at 30.6.2002
19.6.2000	RM0.648	392,000	-	-	(21,000)	371,000

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 values as shown in the accounting records of the Group and the Company had 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 allowance 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.

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 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 or 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 or 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 37(a) to 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 38 to 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 28 October 2002

TAN SRI WILLIAM H. J. CHENG
CHAIRMAN

HEAH SIEU LAY
MANAGING DIRECTOR

Kuala Lumpur

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002

	Note	GROUP		COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue:					
- continuing operations		615,031	606,630	9,850	2,267
- discontinued operations	5	-	7,742	-	3,397
		<hr/>	<hr/>	<hr/>	<hr/>
	6	615,031	614,372	9,850	5,664
Other operating income	7	8,456	18,140	6,616	23,075
Changes in inventories of work in progress and finished goods		(1,235)	(5,105)	-	(242)
Raw materials and consumables used		(295,605)	(296,994)	-	(2,352)
Land and development expenditure		-	(3,042)	-	-
Staff costs		(57,539)	(55,637)	(269)	(785)
Depreciation and amortisation expenses		(66,438)	(64,862)	-	(272)
Selling, marketing and promotional expenses		(97,377)	(87,262)	-	-
Other operating expenses		(68,725)	(59,049)	(1,788)	(3,872)
Allowance for losses on investments	8	(1,000)	(6,000)	(1,000)	(6,000)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit from operations	5, 9	35,568	54,561	13,409	15,216
Finance costs	10	(31,632)	(39,431)	(13,089)	(14,604)
Share of results of associated company		2,517	5,933	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Profit from ordinary activities before taxation		6,453	21,063	320	612
Taxation:	11				
- Company and subsidiary companies		(16,042)	(16,365)	-	-
- Associated company		(835)	(1,544)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
(Loss)/profit from ordinary activities after taxation		(10,424)	3,154	320	612
Minority interests		2,530	(6,646)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net (loss)/profit for the financial year		(7,894)	(3,492)	320	612
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Loss per share (sen)	12	(2.3)	(1.0)		
		<hr/> <hr/>	<hr/> <hr/>		
Dividend per share (sen)	29	0.05	0.05	0.05	0.05
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 42 to 71 form part of these financial statements.

BALANCE SHEETS

AS AT 30 JUNE 2002

	Note	GROUP		COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
NON CURRENT ASSETS					
Property, plant and equipment	13	691,680	724,595	-	-
Investment properties	14	369,991	441,291	-	-
Investments in subsidiary companies	15	-	-	90,100	90,100
Investment in associated company	16	49,326	51,013	-	-
Intangible assets	17	41,516	41,881	-	-
		<u>1,152,513</u>	<u>1,258,780</u>	<u>90,100</u>	<u>90,100</u>
CURRENT ASSETS					
Inventories	18	117,220	110,447	-	-
Land and development expenditure	19	-	-	-	-
Receivables	20	227,161	241,366	560,554	551,124
Deposits, cash and bank balances	21	95,242	102,354	1,760	9,207
		<u>439,623</u>	<u>454,167</u>	<u>562,314</u>	<u>560,331</u>
LESS: CURRENT LIABILITIES					
Payables	22	429,782	402,920	65,729	63,894
Short term borrowings	23	148,268	132,836	29,946	-
Provision for retrenchment benefits	24	-	-	-	-
Taxation		22,011	33,465	166	213
Proposed dividend	29, 30	-	-	-	-
		<u>600,061</u>	<u>569,221</u>	<u>95,841</u>	<u>64,107</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(160,438)</u>	<u>(115,054)</u>	<u>466,473</u>	<u>496,224</u>
		<u><u>992,075</u></u>	<u><u>1,143,726</u></u>	<u><u>556,573</u></u>	<u><u>586,324</u></u>
CAPITAL AND RESERVES					
Share capital	25	174,202	174,202	174,202	174,202
Reserves	26	338,443	428,096	295,981	295,786
		<u>512,645</u>	<u>602,298</u>	<u>470,183</u>	<u>469,988</u>
Shareholders' funds					
		<u>512,645</u>	<u>602,298</u>	<u>470,183</u>	<u>469,988</u>
MINORITY INTERESTS		<u>222,988</u>	<u>238,872</u>	<u>-</u>	<u>-</u>
		<u>735,633</u>	<u>841,170</u>	<u>470,183</u>	<u>469,988</u>
NON CURRENT LIABILITIES					
Term loans	27	243,750	299,864	86,390	116,336
Deferred taxation	28	12,692	2,692	-	-
		<u>256,442</u>	<u>302,556</u>	<u>86,390</u>	<u>116,336</u>
		<u><u>992,075</u></u>	<u><u>1,143,726</u></u>	<u><u>556,573</u></u>	<u><u>586,324</u></u>
Net tangible assets per share (RM)		<u>1.35</u>	<u>1.61</u>		

The notes on pages 42 to 71 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002

	Note	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserves RM'000	Revaluation reserves RM'000	Reserves		Total RM'000
						Capital reserves RM'000	Non-distributable Accumulated losses RM'000	
2002								
At 1 July 2001								
- as previously reported		174,202	330,603	129,597	112,539	16,378	(161,146)	602,173
- prior year adjustment	30	-	-	-	-	-	125	125
- as restated		174,202	330,603	129,597	112,539	16,378	(161,021)	602,298
Translation difference on net equity of foreign subsidiary companies		-	-	(334)	-	-	-	(334)
Revaluation:								
- provision for impairment losses on investment properties	14	-	-	-	(71,300)	-	-	(71,300)
- deferred tax on investment properties held for sale	28	-	-	-	(10,000)	-	-	(10,000)
Net loss not recognised in income statement		-	-	(334)	(81,300)	-	-	(81,634)
Appropriation from income statement to capital reserves		-	-	-	-	1,687	(1,687)	-
Net loss for the financial year		-	-	-	-	-	(7,894)	(7,894)
Dividend for the financial year ended 30 June 2001	29	-	-	-	-	-	(125)	(125)
At 30 June 2002		174,202	330,603	129,263	31,239	18,065	(170,727)	512,645

The notes on pages 42 to 71 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002 (Continued)

	Note	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserves RM'000	Revaluation reserves RM'000	Reserves		Total RM'000
						Capital reserves RM'000	Non-distributable Accumulated losses RM'000	
2001								
At 1 July 2000								
- as previously reported		174,202	330,603	127,063	113,078	9,164	(150,854)	603,256
- prior year adjustment	30	-	-	-	-	-	125	125
- as restated		174,202	330,603	127,063	113,078	9,164	(150,729)	603,381
Translation difference on net equity of foreign subsidiary companies		-	-	2,534	-	-	-	2,534
Net gain not recognised in income statement		-	-	2,534	-	-	-	2,534
Revaluation:								
- realised on disposal of investment properties		-	-	-	(539)	-	539	-
Appropriation from income statement to capital reserves		-	-	-	-	7,214	(7,214)	-
Net loss for the financial year		-	-	-	-	-	(3,492)	(3,492)
Dividends for the financial year ended 30 June 2000	29	-	-	-	-	-	(125)	(125)
At 30 June 2001		<u>174,202</u>	<u>330,603</u>	<u>129,597</u>	<u>112,539</u>	<u>16,378</u>	<u>(161,021)</u>	<u>602,298</u>

The notes on pages 42 to 71 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002

	Note	Share capital RM'000	Reserves		Total RM'000
			Share premium RM'000	Non-distributable Accumulated losses RM'000	
2002					
At 1 July 2001					
- as previously reported		174,202	330,603	(34,942)	469,863
- prior year adjustment	30	-	-	125	125
- as restated		174,202	330,603	(34,817)	469,988
Net profit for the financial year		-	-	320	320
Dividends for the financial year ended 30 June 2001	29	-	-	(125)	(125)
At 30 June 2002		174,202	330,603	(34,622)	470,183
2001					
At 1 July 2000					
- as previously reported		174,202	330,603	(35,429)	469,376
- prior year adjustment	30	-	-	125	125
- as restated		174,202	330,603	(35,304)	469,501
Net profit for the financial year		-	-	612	612
Dividends for the financial year ended 30 June 2000	29	-	-	(125)	(125)
At 30 June 2001		174,202	330,603	(34,817)	469,988

The notes on pages 42 to 71 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002

	Note	2002 RM'000	2001 RM'000
NET CASH FLOW FROM OPERATING ACTIVITIES	A	72,958	39,693
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		11,095	3,503
Purchase of property, plant and equipment		(45,278)	(51,276)
Purchase of proprietary technology and patents		(4,308)	(2,022)
Net repayments/advances (to)/from related companies		(772)	2,740
Additional investment in a subsidiary company		-	(7,342)
Acquisition of a subsidiary company	B	-	(5,176)
Dilution of interest in a subsidiary company	C	-	(4,025)
Proceeds from disposal of investment properties		-	6,309
Proceeds from disposal of chocolate and confectionery division	5	-	39,085
Net cash flow used in investing activities		(39,263)	(18,204)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(125)	(125)
Repayment of short term borrowings		(23,186)	(17,142)
Repayment of long term loans		(28,678)	(27,921)
Proceeds from short term borrowings and long term loans drawdown		10,832	34,096
Movement in deposits earmarked for loan repayment		6,700	5,600
Payment of hire purchase instalments		-	(18)
Net cash flow used in financing activities		(34,457)	(5,510)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	D	(762)	15,979

The notes on pages 42 to 71 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002 (Continued)

	2002 RM'000	2001 RM'000
A NET CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the financial year	(7,894)	(3,492)
Adjustments for:		
Taxation	16,877	17,909
Minority interests	(2,530)	6,646
Depreciation of property, plant and equipment	61,765	59,670
Property, plant and equipment written off/written down	5,332	3,074
Loss/(gain) on disposal of property, plant and equipment	1	(22)
Gain on disposal of investment properties	-	(1,955)
Amortisation of goodwill on consolidation	386	177
Amortisation of proprietary technology and patents	4,287	4,212
Allowance for doubtful debts	8,888	8,382
Allowance for obsolete inventories	4,560	6
Interest expense	31,632	39,431
Interest income	(5,250)	(8,170)
Share of results of associated company	(2,517)	(5,933)
Amortisation of pre-operating and pre-production expenditure	-	803
Reversal of overprovision for diminution in value of property, plant and equipment	-	(3,782)
	<hr/>	<hr/>
	115,537	116,956
(Increase)/decrease in working capital:		
Inventories	(11,333)	(17,472)
Land and development expenditure	-	16,472
Receivables	9,329	(9,352)
Payables	14,108	(15,338)
	<hr/>	<hr/>
	127,641	91,266
Interest paid	(28,227)	(34,615)
Interest received	1,040	2,527
Tax paid - net	(27,496)	(14,432)
Retrenchment benefits paid	-	(5,053)
	<hr/>	<hr/>
Net cash flow from operating activities	<u>72,958</u>	<u>39,693</u>

The notes on pages 42 to 71 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002 (Continued)

	2002 RM'000	2001 RM'000
B ACQUISITION OF A SUBSIDIARY COMPANY *		
The fair values of assets and liabilities of the subsidiary company acquired were as follows:		
Property, plant and equipment	-	(30,097)
Inventories	-	(4,535)
Receivables	-	(1,311)
Cash and bank balances	-	(272)
Payables	-	11,276
Short term borrowings	-	4,545
Taxation	-	2,232
	<hr/>	<hr/>
Cost of acquisition	-	(18,162)
Cost of acquisition payable	-	12,714
	<hr/>	<hr/>
Less: Cash and bank balances in subsidiary company acquired	-	(5,448)
	<hr/>	<hr/>
Net cash flow from acquisition of a subsidiary company	-	(5,176)
	<hr/> <hr/>	<hr/> <hr/>

* In the previous financial year ended 30 June 2001, Lion Brewing Group Co Ltd and Pingyang Lion Beer Co Ltd, being subsidiary companies of the Group, entered into a Share Transfer Agreement with JinKeDa Group to acquire the entire equity interest in Zhejiang YanDangShan Lion Brewery Co Ltd for a cash consideration of approximately RM18.2 million to manufacture beer.

The notes on pages 42 to 71 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002 (Continued)

	2002 RM'000	2001 RM'000
C DILUTION OF INTEREST IN A SUBSIDIARY COMPANY #		
The fair values of assets and liabilities of the subsidiary company were as follows:		
Property, plant and equipment	-	(70,205)
Investments	-	(321)
Inventories	-	(17,641)
Receivables	-	(51,779)
Cash and bank balances	-	(4,025)
Payables	-	49,570
Taxation	-	163
Minority interests	-	48,425
	<hr/>	<hr/>
	-	(45,813)
Reclassified as investment in associated company	-	45,813
	<hr/>	<hr/>
	-	-
Less: Cash and bank balances in subsidiary company	-	(4,025)
	<hr/>	<hr/>
Net cash flow from dilution of interest in a subsidiary company	<u>-</u>	<u>(4,025)</u>

In the previous financial year ended 30 June 2001, the Zhejiang Provincial Commission on Foreign Trade and Economic Corporation approved a conditional supplementary agreement entered into between Consitrade (M) Sdn Bhd ('Consitrade'), a wholly owned subsidiary company, 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 company and became an associated company.

The notes on pages 42 to 71 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002 (Continued)

	2002 RM'000	2001 RM'000
D ANALYSIS OF CASH AND CASH EQUIVALENTS		
At beginning of financial year	74,460	58,448
Net (decrease)/increase in cash and cash equivalents during the financial year	(762)	15,979
Effect of currency translation	-	33
At end of financial year	<u>73,698</u>	<u>74,460</u>
Represented by:		
Deposits, cash and bank balances	95,242	102,354
Bank overdrafts	(17,144)	(16,794)
	<u>78,098</u>	<u>85,560</u>
Less: Deposits earmarked for loan repayment	(4,400)	(11,100)
	<u>73,698</u>	<u>74,460</u>

The notes on pages 42 to 71 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002

	2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	320	612
Adjustments for:		
Allowance for doubtful debts	1,000	6,000
Interest expense	13,089	14,604
Interest income	(6,606)	(11,504)
Dividend income	(9,850)	(2,060)
Waiver of debts	-	(8,000)
Reversal of overprovision for diminution in value of property, plant and equipment	-	(2,276)
Depreciation of property, plant and equipment	-	272
	<hr/>	<hr/>
	(2,047)	(2,352)
Decrease in working capital:		
Inventories	-	1,782
Receivables	473	22,909
Payables	-	2,596
	<hr/>	<hr/>
	(1,574)	24,935
Interest paid	(9,531)	(13,679)
Interest received	118	111
Tax paid	(47)	-
Retrenchment benefits paid	-	(695)
	<hr/>	<hr/>
Net cash flow (used in)/from operating activities	(11,034)	10,672
	<hr/>	<hr/>

The notes on pages 42 to 71 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002 (Continued)

	2002 RM'000	2001 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net repayment to holding, subsidiary and related companies	(5,620)	(1,445)
Proceeds from disposal of chocolate and confectionery division	-	26,115
Dividend received	9,332	1,483
	<hr/>	<hr/>
Net cash flow from investing activities	3,712	26,153
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(125)	(125)
Movement in deposits earmarked for loan repayment	7,550	(7,800)
Repayment of short term borrowings	-	(13,406)
Repayment of long term loans	-	(54)
	<hr/>	<hr/>
Net cash flow from/(used in) financing activities	7,425	(21,385)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	103	15,440
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	1,407	(14,033)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	1,510	1,407
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Deposits, cash and bank balances	1,760	9,207
Less: Deposits earmarked for loan repayment	(250)	(7,800)
	<hr/>	<hr/>
	1,510	1,407
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 42 to 71 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Group is principally involved in beer brewing and property management. The Company is an investment holding company. The principal activities of the subsidiary companies are shown in Note 34 to the financial statements.

The number of employees in the Group and the Company as at 30 June 2002 was 7,569 (2001: 7,158) employees and 3 (2001: 7) employees respectively.

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

The addresses of the registered office and principal place of business of the Company are:

Registered office

Level 46, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

Principal place of business

Lot F36, First Floor, Subang Parade
5, Jalan SS 16/1
Subang Jaya
47500 Petaling Jaya

2 GOING CONCERN

The Group incurred a loss after taxation and minority interests of RM7,894,000 during the financial year ended 30 June 2002. At that date, current liabilities of the Group exceeded current assets by RM160,438,000. As disclosed in Note 27 to the financial statements, the Group and the Company have entered into debt restructuring agreements with their lenders in the previous financial year.

In addition, the Board of Directors has implemented an entity restructuring scheme which involves the rationalisation of the Group structure whereby core businesses are being redefined and non-core businesses are being divested.

The Directors are of the opinion that the restructuring scheme referred to above will be successfully implemented. Accordingly, the Directors consider that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis.

3 BASIS OF ACCOUNTING

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the individual policy statements in Note 4 to 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 except for the change in accounting policy with respect to the recognition of final dividend in compliance with the new MASB Standard 19 'Events After the Balance Sheet Date'. The effects of the change are shown in the Statements of Changes in Equity and Note 30 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. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method. Under the acquisition method, the results of subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies net assets are determined and these values are reflected in the consolidated financial statements.

All intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

Minority interests is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interests.

(b) Associated companies

Associated companies are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but not control over those policies. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the income statement the Group's share of the results of associated companies for the period. The Group's investments in associated companies are carried in the balance sheet at an amount that reflects its share of the net assets of the associated companies and includes goodwill on acquisition, where applicable.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with the Group.

(c) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments

Investments in subsidiary companies and associated companies are stated at cost less provision for any permanent diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

(e) Investment properties

Investment properties consist of freehold and leasehold properties are stated at valuation less provision for any impairment loss. 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 or impairment loss 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 profits.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Freehold land and construction in progress are not depreciated. Leasehold land is amortised in equal instalments over the periods of the respective leases which range from 50 to 99 years. Other property, plant and equipment are 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%

(g) Inventories

Inventories comprising raw materials, consumables stores, work-in-progress, finished goods and developed industrial land held for re-sale, are stated at the lower of cost and net realisable value.

Cost of raw materials, consumable stores, work-in-progress and finished goods 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.

Cost of developed industrial land comprises proportionate cost of land and related development expenditure.

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.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 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 receivables

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

(l) Deferred taxation

Provision is made using the liability method for taxation deferred by timing differences. Deferred tax benefits are recognised only if there is a reasonable expectation of their realisation.

(m) Revenue recognition

Revenue from sale of goods are recognised upon delivery of products and customer acceptance, 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.

Revenue from sale of industrial land is recognised upon the signing of the sale and purchase agreements.

Rental and interest income are recognised on the accruals basis.

Dividend income is recognised when the shareholder's right to receive payment is established.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. Exchange differences arising therefrom are dealt with through the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

(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:

<u>Foreign currencies</u>	30.6.2002 RM	30.6.2001 RM
1 USD (United States of America)	3.80	3.80
1 SGD (Singapore)	2.14	2.08
1 Rmb (People's Republic of China)	0.46	0.46

(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.

5 DISCONTINUED OPERATIONS

On 29 August 2000, the disposal of the Group's malted cocoa beverage, chocolate, confectionery and trading businesses, related industrial buildings, land and trademarks 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 CPB Enterprise Sdn Bhd have ceased operations and are dormant.

5 DISCONTINUED OPERATIONS (Continued)

The effect of the disposal of the chocolate and confectionery division on the results of the Group and the Company for the period to the date of disposal were as follows:

	GROUP		COMPANY	
	Year ended	2 months ended	Year ended	2 months ended
	30.6.2002 RM'000	29.8.2000 RM'000	30.6.2002 RM'000	29.8.2000 RM'000
Revenue	-	7,742	-	3,397
Operating costs	-	(19,511)	-	(3,944)
Loss from operations *	-	(11,769)	-	(547)
Finance costs	-	(1,444)	-	-
Loss before taxation	-	(13,213)	-	(547)
Taxation	-	-	-	-
Loss after taxation	-	(13,213)	-	(547)

The profit/(loss) from continuing and discontinued operations of the Group and of the Company is analysed as follows:

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
- continuing operations	35,568	66,330	13,409	15,763
- discontinued operations *	-	(11,769)	-	(547)
Profit from operations	35,568	54,561	13,409	15,216

The effect of the disposal of the chocolate and confectionery division on the financial position of the Group and the Company for the financial year ended 30 June 2001 were as follows:

	GROUP At date of disposal RM'000	COMPANY At date of disposal RM'000
Property, plant, equipment and trademarks disposed	(35,303)	(23,839)
Reversal of overprovision for diminution in value of property, plant and equipment	(3,782)	(2,276)
Net proceeds from the disposal	39,085	26,115
Gain/(loss) on disposal	-	-

6 REVENUE

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Sale of goods	565,597	560,950	-	3,397
Sale of industrial land	207	5,653	-	-
Rental and related income	49,227	47,769	-	207
Dividend income from unquoted investments in subsidiary companies	-	-	9,850	2,060
	<u>615,031</u>	<u>614,372</u>	<u>9,850</u>	<u>5,664</u>

7 OTHER OPERATING INCOME

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest income on:				
- amounts owing from subsidiary companies	-	-	2,521	7,167
- amounts owing from related companies	4,037	6,362	3,967	4,026
- others	1,213	1,808	118	311
	<u>5,250</u>	<u>8,170</u>	<u>6,606</u>	<u>11,504</u>
Reversal of overprovision for diminution in value of property, plant and equipment	-	3,782	-	2,276
Waiver of amounts owing to a subsidiary company	-	-	-	8,000
Other income	3,206	6,188	10	1,295
	<u>8,456</u>	<u>18,140</u>	<u>6,616</u>	<u>23,075</u>

8 ALLOWANCE FOR LOSSES ON INVESTMENTS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Allowance for doubtful debts arising from the planned restructuring scheme (Note 37(a)) on amounts owing by certain related companies	<u>(1,000)</u>	<u>(6,000)</u>	<u>(1,000)</u>	<u>(6,000)</u>

9 PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
The following items have been charged/ (credited) in arriving at profit from operations:				
Directors' fees (Note 32)	91	88	91	88
Auditors' remuneration	400	409	8	8
Property, plant and equipment:				
- depreciation	61,765	59,670	-	272
- written off/written down	5,332	3,074	-	-
- loss/(gain) on disposal	1	(22)	-	-
Rental of land and buildings	1,488	799	-	-
Allowance for doubtful debts	7,888	2,382	-	-
Allowance for obsolete inventories	4,560	6	-	-
Amortisation of goodwill on consolidation	386	177	-	-
Amortisation of proprietary technology and patents	4,287	4,212	-	-
Amortisation of pre-production expenditure	-	803	-	-
Gain on disposal of investment properties	-	(1,955)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 FINANCE COSTS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest expense on:				
- amounts owing to holding and related companies	(3,074)	(4,688)	(2,720)	(4,534)
- amounts owing to subsidiary companies	-	-	(838)	(39)
- bank borrowings	(28,558)	(34,743)	(9,531)	(10,031)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>(31,632)</u>	<u>(39,431)</u>	<u>(13,089)</u>	<u>(14,604)</u>

11 TAXATION

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Taxation for the financial year comprises:				
Company and subsidiary companies				
Arising in Malaysia:				
Current taxation				
- current year tax charge	(7,751)	(3,996)	-	-
- under provision in prior years	(702)	(1,690)	-	-
	<u>(8,453)</u>	<u>(5,686)</u>	<u>-</u>	<u>-</u>
Arising outside Malaysia:				
Current year tax charge	(7,589)	(10,679)	-	-
	<u>(16,042)</u>	<u>(16,365)</u>	<u>-</u>	<u>-</u>
Associated company				
Arising outside Malaysia:				
Current year tax charge	(835)	(1,544)	-	-
	<u>(835)</u>	<u>(1,544)</u>	<u>-</u>	<u>-</u>
Total	<u>(16,877)</u>	<u>(17,909)</u>	<u>-</u>	<u>-</u>

The effective tax rate of the Group is higher than the statutory tax rate as the taxation charge of the Group is in respect of certain profitable subsidiary companies in the property and beverage divisions which for tax purposes cannot be set off against the losses incurred by the remaining subsidiary companies within the Group. The Company has no taxation charge for the current financial year as the profits were derived primarily from tax exempt dividend income.

Subject to agreement by the tax authorities, the Group and the Company has unabsorbed tax losses available for carry forward amounting to approximately RM114,787,000 (2001: RM110,234,000) and RM56,000 (2001: RM56,000) respectively. The benefits of the tax losses will only be obtained if the Company and the relevant subsidiary companies derive future assessable income of a nature and of amounts sufficient for the losses to be utilised.

12 LOSS PER SHARE

The loss per share is calculated by dividing the Group's net loss for the financial year of RM7,894,000 (2001: RM3,492,000) by the number of ordinary shares of the Company in issue during the financial year of 348.4 million (2001: 348.4 million).

The fully diluted loss per share is not disclosed in view of the unissued ordinary shares granted to employees pursuant to the Company's ESOS which have no dilutive effect as the exercise price is above the average market value of the Company's shares.

13 PROPERTY, PLANT AND EQUIPMENT

GROUP

	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 2000	17,738	251,839	477,946	13,205	15,663	46,786	823,177
Exchange differences	-	106	176	5	5	17	309
Acquisition of a subsidiary company	-	8,948	20,037	342	153	617	30,097
Dilution of interest in a subsidiary company to that of an associated company	-	(9,910)	(50,045)	(1,720)	(550)	(7,980)	(70,205)
Additions	-	4,087	9,004	3,041	3,393	31,751	51,276
Reclassification	-	3,281	33,516	206	(23)	(36,980)	-
Disposals/written off/written down	(11,950)	(226)	(36,737)	(268)	(1,208)	-	(50,389)
Depreciation charge	(206)	(10,213)	(44,419)	(2,019)	(2,813)	-	(59,670)
NET BOOK VALUE AT 30 JUNE 2001	<u>5,582</u>	<u>247,912</u>	<u>409,478</u>	<u>12,792</u>	<u>14,620</u>	<u>34,211</u>	<u>724,595</u>
Additions	-	2,217	2,416	954	4,429	35,262	45,278
Reclassification	-	2,838	43,749	(59)	636	(47,164)	-
Disposals/written off/written down	-	(1,981)	(12,825)	(1,019)	(603)	-	(16,428)
Depreciation charge	(155)	(9,545)	(46,096)	(2,862)	(3,107)	-	(61,765)
NET BOOK VALUE AT 30 JUNE 2002	<u>5,427</u>	<u>241,441</u>	<u>396,722</u>	<u>9,806</u>	<u>15,975</u>	<u>22,309</u>	<u>691,680</u>
<u>At 30 June 2002</u>							
Cost	6,823	299,680	634,688	19,024	30,458	22,309	1,012,982
Accumulated depreciation	(1,396)	(58,239)	(237,966)	(9,218)	(14,483)	-	(321,302)
Net book value	<u>5,427</u>	<u>241,441</u>	<u>396,722</u>	<u>9,806</u>	<u>15,975</u>	<u>22,309</u>	<u>691,680</u>
<u>At 30 June 2001</u>							
Cost	6,823	297,637	603,967	19,953	26,198	34,211	988,789
Accumulated depreciation	(1,241)	(49,725)	(194,489)	(7,161)	(11,578)	-	(264,194)
Net book value	<u>5,582</u>	<u>247,912</u>	<u>409,478</u>	<u>12,792</u>	<u>14,620</u>	<u>34,211</u>	<u>724,595</u>

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY	Long term	Plant and	Motor	Office	Total
	leasehold land and buildings			machinery	
	RM'000	RM'000	RM'000	RM'000	RM'000
NET BOOK VALUE AT 1 JULY 2000	12,001	11,638	10	462	24,111
Disposals/written off/written down	(11,950)	(11,432)	(8)	(449)	(23,839)
Depreciation charge	(51)	(206)	(2)	(13)	(272)
NET BOOK VALUE AT 30 JUNE 2001	-	-	-	-	-
Depreciation charge	-	-	-	-	-
NET BOOK VALUE AT 30 JUNE 2002	-	-	-	-	-

- (a) The titles to certain short term leasehold land have not been transferred to the subsidiary companies as at 30 June 2002.
- (b) Properties, plant and equipment of certain subsidiaries amounting to RM83.1 million (2001: RM93.5 million) have been charged as security for term loan facilities obtained by the Group (Notes 23 and 27).

14 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Land and buildings, at valuation:				
At 1 July	441,291	445,645	-	-
Provision for impairment losses	(71,300)	-	-	-
Disposals	-	(4,354)	-	-
At 30 June	369,991	441,291	-	-
Comprising:				
- freehold	223,478	274,378	-	-
- long term leasehold	146,513	166,913	-	-
Total	369,991	441,291	-	-

The investment properties consist of commercial shopping complexes. 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. The properties have been charged as security for syndicated term loan and overdraft facilities obtained by subsidiary companies (Notes 23 and 27).

The title to the long term leasehold land has not been transferred to the subsidiary company as at 30 June 2002.

For the current financial year, the Group recognised an impairment loss arising from the proposed disposal of the investment properties (Note 38(c)) based on the estimated net selling price, determined on a willing buyer-willing seller basis.

15 INVESTMENTS IN SUBSIDIARY COMPANIES

	COMPANY	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	111,154	111,154
Less: Allowance for diminution in value	(21,054)	(21,054)
	<u>90,100</u>	<u>90,100</u>

The subsidiary companies are listed in Note 34 to the financial statements.

The above investments in subsidiary companies have been pledged as security for term loan facilities obtained by the Group (Note 27).

16 INVESTMENT IN ASSOCIATED COMPANY

	GROUP	
	2002 RM'000	2001 RM'000
Unquoted investment, at cost	46,624	46,624
Group's share of post acquisition retained profits	2,702	4,389
	<u>49,326</u>	<u>51,013</u>
Group's share of net assets, excluding goodwill	49,326	51,013
Goodwill	-	-
	<u>49,326</u>	<u>51,013</u>

The details of the associated company are as follows:

Name	Country of incorporation	Principal activities	Group's effective interest	
			2002	2001
Ningbo Lion Brewery Co Ltd	People's Republic of China	Beer brewing	44.71%	44.71%

17 INTANGIBLE ASSETS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Goodwill on consolidation	5,848	5,848	-	-
Accumulated amortisation	(1,214)	(828)	-	-
	<u>4,634</u>	<u>5,020</u>	<u>-</u>	<u>-</u>
Pre-production expenditure	18,421	18,421	-	-
Proprietary technology and patents	49,961	45,653	-	-
Accumulated amortisation	(31,500)	(27,213)	-	-
	<u>36,882</u>	<u>36,861</u>	<u>-</u>	<u>-</u>
Total	<u><u>41,516</u></u>	<u><u>41,881</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

18 INVENTORIES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Industrial land	13,404	13,497	-	-
Raw materials	71,941	64,763	-	-
Work-in-progress	15,933	16,971	-	-
Finished goods	4,965	4,825	-	-
Consumable stores	7,679	10,147	-	-
At net realisable value:				
Finished goods	-	244	-	-
Consumable stores	3,298	-	-	-
Total	<u><u>117,220</u></u>	<u><u>110,447</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

18 INVENTORIES (Continued)

The cost of inventories carried at net realisable value at end of the financial year are as follows:

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Finished goods	-	250	-	-
Consumable stores	7,858	-	-	-
	<u>7,858</u>	<u>250</u>	<u>-</u>	<u>-</u>

Certain industrial land lots of a subsidiary company amounting to RM7.9 million (2001: RM8.1 million) have been charged as security for term loan facilities obtained by the Group (Note 27). The title to the industrial land has not been transferred to the subsidiary company as at 30 June 2002.

19 LAND AND DEVELOPMENT EXPENDITURE

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Long term leasehold land	-	39,000	-	-
Other related costs	-	1,475	-	-
	<u>-</u>	<u>40,475</u>	<u>-</u>	<u>-</u>
Attributable profit	-	21,830	-	-
	<u>-</u>	<u>62,305</u>	<u>-</u>	<u>-</u>
Less: Progress billings	-	(48,347)	-	-
	<u>-</u>	<u>13,958</u>	<u>-</u>	<u>-</u>
Developed land transferred to inventories	-	(13,958)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 RECEIVABLES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade receivables	51,353	61,938	-	-
Less: Allowance for doubtful debts	(11,009)	(7,678)	-	-
	<u>40,344</u>	<u>54,260</u>	<u>-</u>	<u>-</u>
Amounts owing by subsidiary companies	-	-	523,385	516,463
Less: Allowance for doubtful debts	-	-	(57,143)	(57,143)
	<u>-</u>	<u>-</u>	<u>466,242</u>	<u>459,320</u>
Amounts owing by related companies	97,698	93,859	95,296	91,333
Less: Allowance for doubtful debts	(7,000)	(6,000)	(7,000)	(6,000)
	<u>90,698</u>	<u>87,859</u>	<u>88,296</u>	<u>85,333</u>
Amount owing by associated company	<u>5,198</u>	<u>5,883</u>	<u>-</u>	<u>-</u>
Other receivables, deposits and prepayments	87,782	88,664	4,921	5,894
Less: Allowance for doubtful debts	(2,263)	-	-	-
	<u>85,519</u>	<u>88,664</u>	<u>4,921</u>	<u>5,894</u>
Tax recoverable	<u>5,402</u>	<u>4,700</u>	<u>1,095</u>	<u>577</u>
Total	<u><u>227,161</u></u>	<u><u>241,366</u></u>	<u><u>560,554</u></u>	<u><u>551,124</u></u>

The receivables of the Group and of the Company amounting to RM12.1 million (2001: RM18.8 million) and RM6.0 million (2001: RM6.5 million) respectively have been pledged as security, by way of floating charge, for term loan facilities obtained by the Group (Note 27).

The amounts owing by subsidiary companies are unsecured, have no fixed terms of repayment and interest is charged at rates ranging from 0.1% to 5.5% (2001: 0.1% to 9.5%) per annum.

The amount owing by associated company is unsecured, interest free and has no fixed term of repayment.

The amounts owing by related companies are unsecured, have no fixed terms of repayment and interest is charged at rates ranging from 8.0% to 9.0% (2001: 8.0% to 8.5%) per annum. The recoverability of the amounts owing by related companies is dependent on the successful implementation of a Group Wide Restructuring Scheme involving the restructuring of the related companies' debts and rationalisation of the related group structure (Note 37(a)).

21 DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deposits with licensed banks	13,434	24,983	1,174	8,915
Deposits with licensed finance companies	7,812	14,200	-	-
Cash and bank balances:				
- Malaysia	1,873	3,066	586	292
- Overseas	72,123	60,105	-	-
Total	95,242	102,354	1,760	9,207

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. The cash and bank balances are available for use by the subsidiary companies in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside the People's Republic of China.

Included in deposits with licensed banks of the Group and of the Company are deposits amounting to RM4.4 million (2001: RM11.1 million) and RM0.25 million (2001: RM7.8 million) respectively, which have been earmarked for the purposes of loan repayment.

22 PAYABLES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade payables	65,991	61,065	-	-
Other payables and accruals	310,018	290,186	2,197	2,197
Amount owing to holding company	35,655	33,859	35,655	33,859
Amounts owing to subsidiary companies	-	-	13,082	14,064
Amounts owing to related companies	18,118	17,810	14,795	13,774
Total	429,782	402,920	65,729	63,894

Included in other payables and accruals are taxes payable (other than corporate tax) of the subsidiary companies in the People's Republic of China amounting to RM119.7 million (2001: RM110.3 million).

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 8.0% to 9.5% (2001: 8.5% to 10.0%) per annum.

The amounts owing to subsidiary companies are unsecured, have no fixed terms of repayments and interest is charged on certain amounts owing to subsidiary companies at 9.5% (2001: 8.5%) per annum.

23 SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured:				
Bank overdrafts	17,144	16,794	-	-
Short term loans	26,995	28,281	-	-
Term loans - portion repayable within one year (Note 27)	58,551	30,197	29,946	-
Unsecured:				
Bankers' acceptances	11,115	13,368	-	-
Short term loans	34,463	43,278	-	-
Term loans - portion repayable within one year (Note 27)	-	918	-	-
Total	148,268	132,836	29,946	-

The short term borrowings are secured against certain land and buildings (Note 13) and investment properties (Note 14) of the Group.

The interest charged on the short term borrowings ranged from 3.7% to 9.5% (2001: 6.7% to 9.5%) per annum.

24 PROVISION FOR RETRENCHMENT BENEFITS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At beginning of financial year	-	5,053	-	695
Utilised during the year	-	(5,053)	-	(695)
At end of financial year	-	-	-	-

25 SHARE CAPITAL

	GROUP AND COMPANY	
	2002 RM'000	2001 RM'000
Authorised:		
1,000,000,000 ordinary shares of 50 sen each	500,000	500,000
Issued and fully-paid:		
348,403,501 ordinary shares of 50 sen each	174,202	174,202

25 SHARE CAPITAL (Continued)

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

- (a) 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;
- (b) 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; and
- (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.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

The movements during the financial year in the number of options over the shares of the Company pursuant to the ESOS are as follows:

	GROUP AND COMPANY	
	2002	2001
	'000	'000
At beginning of financial year	392	3,863
Granted	-	-
Exercised	-	-
Lapsed	(21)	(3,471)
	<hr/>	<hr/>
At end of financial year	371	392
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2002, there were 371,000 unissued ordinary shares under options granted pursuant to the ESOS at an exercise price of RM0.648 each.

26 RESERVES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Non-distributable:				
Share premium	330,603	330,603	330,603	330,603
Exchange fluctuation reserves	129,263	129,597	-	-
Revaluation reserves	31,239	112,539	-	-
Capital reserves	18,065	16,378	-	-
	<u>509,170</u>	<u>589,117</u>	<u>330,603</u>	<u>330,603</u>
Accumulated losses	(170,727)	(161,021)	(34,622)	(34,817)
Total	<u><u>338,443</u></u>	<u><u>428,096</u></u>	<u><u>295,981</u></u>	<u><u>295,786</u></u>

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.

27 TERM LOANS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured:				
Term loans	295,489	312,669	116,336	116,336
Less: Portion repayable within one year (Note 23)	(58,551)	(30,197)	(29,946)	-
	<u>236,938</u>	<u>282,472</u>	<u>86,390</u>	<u>116,336</u>
Unsecured:				
Term loans	6,812	18,310	-	-
Less: Portion repayable within one year (Note 23)	-	(918)	-	-
	<u>6,812</u>	<u>17,392</u>	<u>-</u>	<u>-</u>
Total	<u><u>243,750</u></u>	<u><u>299,864</u></u>	<u><u>86,390</u></u>	<u><u>116,336</u></u>

The term loans (non-current) are repayable as follows:

- between one to two years	39,325	78,990	2,720	29,946
- between two to five years	168,169	105,179	83,670	17,060
- after five years	36,256	115,695	-	69,330
	<u>243,750</u>	<u>299,864</u>	<u>86,390</u>	<u>116,336</u>

27 TERM LOANS (Continued)

Pursuant to the debt restructuring agreements entered into between the Company, its affected subsidiary companies and lenders in December 2000, certain bank borrowings and facilities of the Group have been restructured. As a result, the term loans of the Company are secured by way of:

- (a) fixed and floating charge over the Company's and certain of its subsidiary companies' present and future assets;
- (b) debenture comprising first fixed charge over a subsidiary company's leasehold properties;
- (c) charge over the investment properties of subsidiary companies; and
- (d) undertaking from certain subsidiary companies to upstream and pay all dividends received from the beverage division, after settlement of their bank borrowings, to the Company.

The facility also contain covenants which require the Company to limit the bank borrowings to a predetermined ratio of shareholders' funds.

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

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

The secured long term loans of the other subsidiary companies are secured against certain land and buildings (Note 13) of the Group. Interest charged on the secured term loans ranged from 3.7% to 9.3% (2001: 5.9% to 9.3%) per annum.

Interest charged on the unsecured term loans ranged from 5.9% to 10.0% (2001: 6.7% to 9.2%) per annum.

28 DEFERRED TAXATION

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At beginning of financial year	2,692	2,692	-	-
Charged to revaluation reserves	10,000	-	-	-
At end of financial year	<u>12,692</u>	<u>2,692</u>	<u>-</u>	<u>-</u>

Deferred tax provided for in the financial statements represents the amount charged to revaluation reserves for investment properties now held for sale.

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deferred tax not provided for in the financial statements:				
- tax effects of revaluation of investment properties held for long term	<u>-</u>	<u>5,627</u>	<u>-</u>	<u>-</u>

29 DIVIDEND

	GROUP AND COMPANY			
	2002		2001	
	Gross dividend per share Sen	Amount of dividend, net of tax RM'000	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
Proposed first and final dividend	0.05	125	0.05	125

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 30 June 2002 of 0.05 sen (2001: 0.05 sen) per share, less income tax of 28%, amounting to RM125,425 (2001: RM125,425) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 30 June 2003 when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in Note 30.

30 PRIOR YEAR ADJUSTMENT

During the financial year, the Group changed its accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standard 19 'Events After the Balance Sheet Date' as follows:

- Dividends (Note 29)

In previous years, dividends were accrued as a liability when proposed by Directors. The Group has now changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB Standard 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively. The effects of the change on the Group's and Company's financial statements are as follows:

	As previously reported RM'000	Effect of change in policy RM'000	As restated RM'000
GROUP			
At 1 July 2000			
- accumulated losses	(150,854)	125	(150,729)
At 30 June 2001			
- accumulated losses	(161,146)	125	(161,021)
- proposed dividend	125	(125)	-
COMPANY			
At 1 July 2000			
- accumulated losses	(35,429)	125	(35,304)
At 30 June 2001			
- accumulated losses	(34,942)	125	(34,817)
- proposed dividend	125	(125)	-

31 HOLDING AND ULTIMATE HOLDING COMPANY

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

32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The transactions were carried out on terms and conditions no more favourable to the related party than those extended to unrelated parties unless otherwise stated.

(a) Transactions with group related companies and related parties:

	Nature	GROUP	
		2002 RM'000	2001 RM'000
Ultimate holding company			
Amsteel Corporation Berhad	Interest expense	1,796	3,368
Related companies			
Parkson Corporation Sdn Bhd	Rental income	6,306	5,813
Ayer Keroh Resort Sdn Bhd	Interest income	4,471	3,417
Lion Klang Parade Bhd	Interest income	1,074	1,118
Lion Ipoh Parade Sdn Bhd	Interest income	1,265	896
JOPP Builders Sdn Bhd	Interest income	1,055	737
Amsteel Capital Holdings Sdn Bhd	Interest expense	820	932
Angkasa Marketing Berhad	Interest expense	87	253
Related parties			
Hubei Jinlongquan (Group) Co Ltd group	Purchase of raw materials and consumables	31,318	32,536

Related companies refer to members of the Amsteel Corporation Berhad group of companies.

Hubei Jinlongquan (Group) Co Ltd is a joint-venture partner which holds a 40% equity stake in certain subsidiary companies of the Group.

Balances with holding and related companies as at the end of the financial year are disclosed in Notes 20 and 22 to the financial statements.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Transactions with Directors of the Company:

The details of the remuneration of the Directors of the Company are as follows:

	GROUP AND COMPANY	
	2002	2001
	RM'000	RM'000
<u>Directors' fees</u>		
Executive Director:		
Heah Sieu Lay	18	2
Non-Executive Directors:		
Tan Sri William H. J. Cheng	15	15
Dato'Ismail bin Said	20	19
Dato Murad Mohamed Hashim	10	17
Cheng Yong Kwang	10	17
George Leong Chee Fook	18	2
Tan Sri Dato'Muhammad Yusuff bin Muhammad Yunus	-	16
	73	86
	91	88

33 CONTINGENT LIABILITIES - UNSECURED

Contingent liabilities of the Company in respect of guarantees given to financial institutions for credit facilities granted to a subsidiary company amounted to RM92.7 million (2001: RM109.7 million).

34 LIST OF SUBSIDIARY COMPANIES

Name	Country of incorporation	Principal activities	Equity interest	
			2002	2001
<u>Subsidiary companies</u>				
Chocolate Products Manufacturing Sdn Bhd	Malaysia	Ceased operations	100%	100%
Chocolate Products Trading Sdn Bhd	Malaysia	Ceased operations	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%
Chocolate Products (S) Pte Ltd *	Singapore	Investment holding	100%	100%
CPB Far East Limited *	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%
Chocolate 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%

34 LIST OF SUBSIDIARY COMPANIES (Continued)

Name	Country of incorporation	Principal activities	Equity interest	
			2002	2001
<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>Subsidiaries of Consitrade (M) Sdn Bhd</u>				
Zhu Zhou DEbier Brewery Co Ltd	People's Republic of China	Beer brewing and mineral water bottling	68.5%	68.5%
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%
Shandong DEbier Brewery Co Ltd	People's Republic of China	Beer brewing	60%	60%
Hunan DEbier Brewery Co Ltd	People's Republic of China	Beer brewing	55%	55%
Jiangsu DEbier 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%
Shanghai DEbier Management Consulting Co Ltd *	People's Republic of China	Management consulting services	100%	100%

34 LIST OF SUBSIDIARY COMPANIES (Continued)

Name	Country of incorporation	Principal activities	Equity interest	
			2002	2001
<u>Subsidiaries of Chocolate Products Manufacturing Sdn Bhd</u>				
CPB Enterprise Sdn Bhd	Malaysia	Ceased operations	100%	100%
CPB Investment AG *	Switzerland	Investment holding	100%	100%
<u>Subsidiary of CPB Enterprise Sdn Bhd</u>				
United Brands Trading Sdn Bhd	Malaysia	Dormant	100%	100%
<u>Subsidiary of Chocolate Investment Pte Ltd</u>				
Beijing Vochelle Foodstuff Co Ltd *	People's Republic of China	Ceased operations	70%	70%
<u>Subsidiary of Graimpi Sdn Bhd</u>				
DEbier Sdn Bhd	Malaysia	Investment holding	100%	100%
<u>Subsidiaries of DEbier Sdn Bhd</u>				
Lion Brewing Group Co Ltd	People's Republic of China	Beer brewing	55%	55%
Pavlova Investment Pte Ltd *	Singapore	Investment holding	100%	100%
Gemmo Pte Ltd *	Singapore	Investment holding	100%	100%
<u>Subsidiaries of Lion Brewing Group Co Ltd</u>				
Wenzhou Double Deer Beer Marketing Co Ltd	People's Republic of China	Sale and marketing of beer and other beverages	75% 25%#	75% 25%#
Zhejiang YanDangShan Lion Brewery Co Ltd	People's Republic of China	Beer brewing	90% 10%#	90% 10%#
Wenzhou Double Deer Brewery Research Institute Co Ltd	People's Republic of China	Provision of technical assistance and undertaking research and development works	90% 10%#	90% 10%#
Wenzhou Double Deer Material Sourcing Co Ltd	People's Republic of China	Sourcing of raw materials for beer brewing, machinery and parts	90% 10%#	90% 10%#

34 LIST OF SUBSIDIARY COMPANIES (Continued)

Name	Country of incorporation	Principal activities	Equity interest	
			2002	2001
<u>Subsidiaries of Lion Brewing Group Co Ltd (Continued)</u>				
Wenzhou Double Deer Corporate Management and Consulting Co Ltd	People's Republic of China	Provision of consulting services	90% 10%#	90% 10%#
<u>Subsidiary of Gemmo Pte Ltd</u>				
Gesto Pte Ltd *	Singapore	Dormant	100%	100%
<u>Subsidiary of Hubei Jinlongquan Brewery Co Ltd</u>				
Jinlongquan Brewery (Xiaogan) Co Ltd (formerly known as Hubei Jinlong Shenshui Brewery Co Ltd)	People's Republic of China	Manufacture and sale of beer and non-alcoholic drinks	55.56%	55.56%

* Not audited by PricewaterhouseCoopers, Malaysia.

Holding in equity by Pingyang Lion Beer Co Ltd, a subsidiary company in which the Group has a 55% equity interest.

35 SEGMENTAL INFORMATION - GROUP

(a) Analysis by activity

	Revenue RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
2002			
Investment holding	-	(2,920)	94,198
Beverage	565,597	4,372	1,040,212
Properties	49,434	28,866	408,400
	<u>615,031</u>	<u>30,318</u>	<u>1,542,810</u>
Finance costs - net Associated company		(26,382) 2,517	- 49,326
		<u>6,453</u>	<u>1,592,136</u>

35 SEGMENTAL INFORMATION - GROUP (Continued)

(a) Analysis by activity (Continued)

	Revenue RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
2001			
Chocolate and confectionery products	7,742	(18,235)	114,687
Beverage	553,208	32,501	1,057,898
Properties	53,422	32,125	489,349
	<u>614,372</u>	<u>46,391</u>	<u>1,661,934</u>
Finance costs - net		(31,261)	-
Associated company		5,933	51,013
		<u>21,063</u>	<u>1,712,947</u>

(b) Analysis by geographical location

2002			
Malaysia	50,421	25,123	505,641
People's Republic of China	564,610	5,195	1,037,169
	<u>615,031</u>	<u>30,318</u>	<u>1,542,810</u>
Finance costs - net		(26,382)	-
Associated company		2,517	49,326
		<u>6,453</u>	<u>1,592,136</u>
2001			
Malaysia	62,207	18,850	598,657
People's Republic of China	552,165	27,541	1,063,277
	<u>614,372</u>	<u>46,391</u>	<u>1,661,934</u>
Finance costs - net		(31,261)	-
Associated company		5,933	51,013
		<u>21,063</u>	<u>1,712,947</u>

36 CAPITAL COMMITMENTS

	GROUP	
	2002	2001
	RM'000	RM'000
Approved and contracted for:		
- acquisition of unquoted investments	17,150	12,714
	<u>17,150</u>	<u>12,714</u>

37 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) In the financial year ended 30 June 2000, Amsteel Corporation Berhad, the ultimate holding company, Lion Land Berhad, Lion Corporation Berhad and Angkasa Marketing Berhad (collectively the 'Scheme Companies') and the Company (collectively the 'Lion Group') announced a proposed Group Wide Restructuring Scheme ('Proposed GWRS') with the objective to:

- (i) consolidate, stabilise, restructure and rationalise the cash flow and funding of the Lion Group; and
- (ii) reorganise and restructure the Lion Group's businesses.

In the current financial year, the Scheme Companies announced several revisions to the Proposed GWRS. As at todate, the Proposed GWRS has been approved by Ministry of International Trade and Industry, Foreign Investment Committee, Bank Negara Malaysia, Securities Commission and Scheme Creditors.

The Proposed GWRS is pending approvals from Kuala Lumpur Stock Exchange, Shareholders' of the Scheme Companies and any other relevant authorities.

As disclosed in Note 20 to the financial statements, the recoverability of the amounts owing by related companies is dependent on the successful implementation of the Proposed GWRS.

(b) On 5 November 2001, Lion Brewing Group Co Ltd ('Lion Brewing'), a 55% owned subsidiary of DEbier Sdn Bhd which is in turn a wholly owned subsidiary of the Company, entered into 2 separate agreements with:

- (i) Consitrade (M) Sdn Bhd ('Consitrade'), a wholly owned subsidiary of the Company, for the acquisition of 30% equity interest in Pingyang Lion Beer Co Ltd ('Pingyang'), a 55% owned subsidiary of Consitrade, for a cash consideration of Rmb11.78 million (equivalent to approximately RM5.41 million); and
- (ii) Jinkeda Group Co Ltd ('Jinkeda') in the People's Republic of China for the acquisition of 24.6% equity interest in Pingyang for a cash consideration of Rmb9.66 million (equivalent to approximately RM4.44 million).

The above proposed acquisitions are pending completion.

(c) On 20 February 2002, the Company announced that the proposed acquisition of the remaining 45% equity interest in Jiangsu DEbier Brewery Co Ltd inclusive of shareholders' loan for a consideration of Rmb50 million (equivalent to approximately RM22.8 million) by Consitrade from Taixing Brewery Factory in the People's Republic of China had been terminated as the condition precedent relating to the approval from Jiangsu Commission of Foreign Trade and Economic Corporation had not been fulfilled.

38 SUBSEQUENT EVENTS

- (a) In the previous financial year, Consitrade had entered into an agreement for the dilution of its equity interest in Ningbo Lion Brewery Co Ltd ('Ningbo') by 10.29% ('Equity Dilution Interest') from 55% to 44.71% with an option to purchase the Equity Dilution Interest. Management is still in the process of negotiating for the acquisition of the Equity Dilution Interest in Ningbo.
- (b) On 8 July 2002, Lion Brewing and Consitrade entered into agreements with Jinkeda for the acquisition by:
- (i) Lion Brewing of a 54.6% equity interest for a cash consideration of Rmb5.11 million (equivalent to approximately RM2.35 million); and
 - (ii) Consitrade of a 25% equity interest for a cash consideration of Rmb2.34 million (equivalent to approximately RM1.07 million),

in Jinhua Lion Brewery Co Ltd ('Jinhua') from Jinkeda ('Proposed Acquisition of Jinhua').

The Proposed Acquisition of Jinhua is subject to the approvals being obtained from Ministry of Foreign Trade Economic Commission, Administrative Bureau for Industry and Commerce and Financial Office of the Government Assets Bureau, all of the People's Republic of China.

- (c) On 21 October 2002,
- (i) Lion Subang Parade Sdn Bhd ('Lion Subang'), a wholly-owned subsidiary of the Company, accepted a letter of offer from Onyee Holdings Sdn Bhd ('Purchaser') in relation to the proposal disposal of Lion Subang's shopping mall known as Subang Parade and the related freehold land held in the District of Petaling, Selangor, to the Purchaser for a cash consideration of RM223.4 million; and
 - (ii) Lion Mahkota Parade Sdn Bhd ('Lion Mahkota'), a 99.99% owned subsidiary of the Company, signed a call option agreement with the Purchaser in relation to the proposal disposal of Lion Mahkota's shopping mall known as Mahkota Parade and the related leasehold land held in the District of Melaka Tengah, Melaka, to the Purchaser for a cash consideration of RM146.5 million.

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

We, Tan Sri William H. J. Cheng and Heah Sieu Lay, two of the Directors of Chocolate Products (Malaysia) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 30 to 71 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 2002 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 28 October 2002

TAN SRI WILLIAM H. J. CHENG
CHAIRMAN

HEAH SIEU LAY
MANAGING DIRECTOR

Kuala Lumpur

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

I, Heah Sieu Lay, 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 30 to 71 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.

HEAH SIEU LAY

Subscribed and solemnly declared by the abovenamed Heah Sieu Lay before me at Kuala Lumpur in Malaysia on 28 October 2002.

W-217
P. SETHURAMAN

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 30 to 71. 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 statement 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 2002 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 Note 2 to the financial statements which explain the financial position of the Group and the Company and that the Directors have implemented a scheme involving the restructuring of the Group's and the Company's debts and rationalisation of the Group structure. In addition, we draw attention to Notes 20 and 37(a) to the financial statements which explain the recoverability of related companies' debts and that the related companies will be implementing a scheme involving the restructuring of their debts.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 34 to 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)
Chartered Accountants

LEE TUCK HENG
(No. 2092/09/04 (J))
Partner of the firm

Kuala Lumpur
28 October 2002

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2002

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
1. Menara Jubili Kota Kinabalu Sabah	Leasehold 31.12.2088	1,698.0 sq metres (Ground floor to 2nd floor)	Commercial building	College (10)	5.4	1992
2. 5 Jalan SS 16/1 Subang Jaya Selangor	Freehold	5.20 hectares	Land and building	Office and shopping complex (14)	223.5	April 1999
3. PT 501 Kawasan Bandar XLII Daerah Melaka Tengah Melaka	Leasehold 18.7.2101	5.30 hectares	Land and building	Office and shopping complex (9)	146.5	April 1999
4. 234, Wu Tian Street Wenzhou City Zhejiang, China	Leasehold 28.2.2045	7.58 hectares	Industrial land and building	Office, factory and warehouse (8-14)	45.8	January 1995
5. 89, Chang Ning Road Jing Men City Hubei, China	Leasehold 31.12.2045	10.63 hectares	Industrial land and building	Office, factory and warehouse (6)	38.1	December 1995
6. 89, Chang Ning Road Jing Men City Hubei, China	Leasehold 31.12.2045	22.52 hectares	Industrial land and building	Office, factory and warehouse (7-24)	31.1	December 1995
7. 28, Hongqi North Road Zhuzhou City Hunan, China	Leasehold 31.12.2045	4.42 hectares	Industrial land and building	Office, factory and warehouse (5-14)	6.3	December 1995
8. 96, Shaoshan Road Changsha City Hunan, China	Leasehold 13.12.2044	4.08 hectares	Industrial land and building	Office, factory and warehouse (5-14)	41.2	December 1994
9. Quan Fang Tou Kunyang Village Pingyang City Zhejiang, China	Leasehold 30.4.2046	4.49 hectares	Industrial land and building	Office, factory and warehouse (14)	14.3	March 1996
10. 10, Li Shan Road Yi Yuan District Shangdong, China	Leasehold 31.12.2046	3.60 hectares	Industrial land and building	Office, factory and warehouse (14)	21.9	1 January 1997
11. 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 (7)	30.8	1 July 1996

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
12. 10 Wangzihier Lin Changsha Hunan, China	Leasehold 7.4.2050	6.36 hectares	Industrial land and building	Office, factory and warehouse (3)	0.9	1999
13. 198, Chengzhan Road Xiaonan District Xiaogan Hubei, China	Leasehold 31.12.2046	5.20 hectares	Industrial land and building	Office, factory and warehouse (4-6)	3.6	1997
14. 124 Jingshui Road Da Jing Town Yue Qing City Zhejiang, China	Leasehold 12.2.2043	1.15 hectares	Industrial land and building	Office, factory and warehouse (4-19)	7.4	2000

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 15 October 2002

Authorised Share Capital : RM500,000,000.00
 Issued and Paid-up Capital : RM174,201,750.50
 Class of Shares : Ordinary shares of RM0.50 each
 Voting Rights : One (1) vote per ordinary share

Distribution of Shareholdings as at 15 October 2002

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 1,000	839	4.76	258,496	0.07
1,001 to 10,000	15,187	86.23	45,724,415	13.12
10,001 to 100,000	1,509	8.57	39,433,489	11.32
100,001 to less than 5% of issued shares	73	0.41	133,799,878	38.40
5% and above of issued shares	4	0.03	129,187,223	37.09
	<u>17,612</u>	<u>100.00</u>	<u>348,403,501</u>	<u>100.00</u>

Thirty Largest Registered Shareholders as at 15 October 2002

Registered Shareholders	No. of Shares	% of Shares
1 HDM Nominees (Tempatan) Sdn Bhd DBS Bank Labuan Branch For Ayer Keroh Resort Sdn Bhd	43,000,000	12.34
2 Ayer Keroh Resort Sdn Bhd	37,492,556	10.76
3 Parkson Corporation Sdn Bhd	30,993,667	8.90
4 Ambang Jaya Sdn Bhd	17,701,000	5.08
5 Mayban Securities Nominees (Asing) Sdn Bhd Mayban Nominees (S) Pte Ltd for Ambang Jaya Sdn Bhd (MB 39A)	17,000,000	4.88
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 (MB39A)	15,000,000	4.31
9 Lembaga Tabung Angkatan Tentera	13,200,771	3.79
10 Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers (L) Ltd for Ambang Jaya Sdn Bhd	10,000,000	2.87
11 Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers (L) Ltd for Ambang Jaya Sdn Bhd (Lion Asia Inv)	8,500,000	2.44
12 Umatrac Enterprises Sdn Bhd	6,704,000	1.92
13 HDM Nominees (Tempatan) Sdn Bhd DBS Bank Labuan Branch for Ambang Jaya Sdn Bhd	5,000,000	1.44
14 RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	4,428,000	1.27
15 Cartaban Nominees (Asing) Sdn Bhd Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	2,900,000	0.83
16 HSBC Nominees (Tempatan) Sdn Bhd BOA (M) Bhd for Lion Holdings Sdn Bhd	1,970,000	0.57
17 Menteri Kewangan Malaysia Section 29 (SICDA)	1,349,547	0.39
18 AMMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd (BK 6/190-2)	1,000,000	0.29
19 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd (LPSB 981086)	1,000,000	0.29
20 Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Ching Ching (REM 650)	897,000	0.26

Registered Shareholders (Continued)		No. of Shares	% of Shares
21	Ong Har Hong	869,000	0.25
22	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Lion Holdings Sdn Bhd (01-00016-000)	829,000	0.24
23	Chew Boon Seng	788,000	0.23
24	The Central Depository (Pte) Limited	738,289	0.21
25	Tan Lee Hwa	565,000	0.16
26	Teh Cheong Hua	550,000	0.16
27	Amsteel Corporation Berhad	518,222	0.15
28	Botly Nominees (Asing) Sdn Bhd Fleet Investments Management Limited	500,000	0.14
29	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Ng Boon Bee	467,000	0.13
30	Mohamed Tamrin Bin Munir	367,000	0.11

Substantial Shareholders as at 31 October 2002

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1 Tan Sri William H. J. Cheng	-	-	232,016,501	66.59
2 Lion Realty Pte Ltd	-	-	232,016,501	66.59
3 Datuk Cheng Yong Kim	-	-	232,016,501	66.59
4 Lancaster Trading Company Limited	-	-	222,489,945	63.86
5 Utara Enterprise Sdn Bhd	-	-	222,489,945	63.86
6 William Cheng Sdn Bhd	-	-	222,489,945	63.86
7 Lion Holdings Sdn Bhd	1,934,000	0.56	220,555,945	63.30
8 Happyvest (M) Sdn Bhd	-	-	220,555,945	63.30
9 Amanvest (M) Sdn Bhd	-	-	220,555,945	63.30
10 Mirzan bin Mahathir	-	-	220,555,945	63.30
11 Peringkat Prestasi (M) Sdn Bhd	-	-	220,555,945	63.30
12 Umatrac Enterprises Sdn Bhd	6,704,000	1.92	213,851,945	61.38
13 Lembaga Tabung Angkatan Tentera	13,200,771	3.79	220,555,945	63.30
14 Lion Corporation Berhad	13,283,000	3.81	207,272,945	59.49
15 Amsteel Corporation Berhad	518,222	0.15	220,037,723	63.15
16 Lion Development (Penang) Sdn Bhd	1,097,889	0.31	103,921,223	29.83
17 Ayer Keroh Resort Sdn Bhd	95,492,556	27.41	-	-
18 Horizon Towers Sdn Bhd	-	-	95,492,556	27.41
19 Ambang Jaya Sdn Bhd	73,501,000	21.10	-	-
20 Parkson Corporation Sdn Bhd	30,993,667	8.90	-	-
21 Datuk Lim Kheng Kim	28,695,945	8.24	-	-
22 Timuriang Sdn Bhd	-	-	220,555,945	63.30

Directors' interest in shares in the Company and its related companies as at 31 October 2002

The Directors' interest in shares in the Company and its related companies as at 31 October 2002 are the same as that shown in the Directors' Report for the financial year ended 30 June 2002 except for the following:

Related Company	Nominal Value per Ordinary Share	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
Tan Sri William H.J. Cheng					
Amsteel Corporation Berhad	RM0.50	-	-	465,726,886	36.97
Lion Land Berhad	RM1.00	-	-	342,079,285	57.65
Posim Berhad	RM1.00	-	-	177,853,171	87.52
Hy-Line Berhad	RM1,000	-	-	2,492*	N/A
Investment in the People's Republic of China	Currency		Direct Interest		Indirect Interest
Wuhan Fortune Motor Co Ltd	USD		-		-
* Preference shares					
N/A Not applicable					

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

1. Conditional Agreement dated 5 November 2001 between Lion Brewing Group Co Ltd ("Lion Brewing") of the one part and Jinkeda Group Co Ltd ("Jinkeda"), a major shareholder of Lion Brewing and Pingyang Lion Beer Co Ltd ("Pingyang") ("Major Shareholder of Subsidiaries") of the other part, for the acquisition by Lion Brewing from Jinkeda, of 24.6% equity interest in Pingyang for a cash consideration of Rmb9,663,000 (equivalent to approximately RM4,424,045.42).
2. Conditional Agreement dated 8 July 2002 between Lion Brewing, Consitrade (M) Sdn Bhd ("Consitrade") and Jinkeda, the Major Shareholder of Subsidiaries, for the acquisition by Lion Brewing and Consitrade from Jinkeda of 54.6% and 25% equity interest respectively in Jinhua Lion Brewery Co Ltd for a cash consideration of Rmb5,110,000 (equivalent to approximately RM2,350,000) and Rmb2,340,000 (equivalent to approximately RM1,070,000) respectively.

OTHER INFORMATION

NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM20,000 (2001: RM20,000).

RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2002 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
a) Beverage related The sale and purchase of beverage such as beer and other related products and services including wheat, bottles, stickers, boxes and other raw materials, consumable and packing materials	Hubei Jinlongquan (Group) Co Ltd Group ^(d)	31,318
b) Property-based transactions i) The sale and purchase of related building materials, provision of building maintenance, project management, security, sales and marketing and other related service	Amsteel Corporation Berhad Group ("Amsteel Group") ^(a)	14
ii) The provision of storage, leasing and rental of properties	Amsteel Group ^(a)	3,237
c) Others i) The provision of management and support, training and education, legal and other related services	Amsteel Group ^(a) Angkasa Marketing Berhad Group ^(b) Lion Land Berhad Group ^(b)	606 10 303 <hr/> 919
ii) The obtaining of insurance and the underwriting of risks	Lembaga Tabung Angkatan Tentera Group ^(c)	532
iii) The provision of security services and security communication equipment	Amsteel Group ^(a)	621

Note:

"Group" includes subsidiary and associated companies

- (a) Holding company in which a Director and certain major shareholders of the Company have interest
- (b) Company in which a Director and certain major shareholders of the Company have interest
- (c) Major shareholder of the Company
- (d) Major shareholder of subsidiary companies of the Company

FORM OF PROXY

I/We

I.C. No./Company No.

of

being a member/members of CHOCOLATE PRODUCTS (MALAYSIA) BERHAD, hereby appoint

.....

I.C. No.

of.....

or failing whom

I.C. No.

of

as my/our proxy to vote for me/us and on my/our behalf, at the Thirty-Second Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 December 2002 at 12.00 noon and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve a first and final dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Y. Bhg. Dato Murad Mohamed Hashim		
5. To re-elect as Director, Mr Cheng Yong Kwang		
6. To re-appoint Auditors		
7. 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 of2002

No. of Shares:

Signed:

In the presence of:

Representation at Meeting

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy 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 seal or under the hand of an officer or attorney duly authorised.

An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.

The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting.