

ANNUAL REPORT 2002

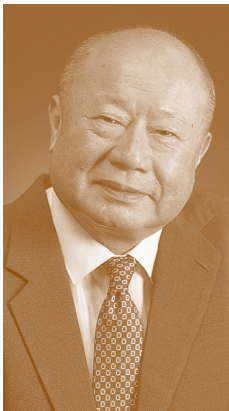


LION TECK CHIANG LIMITED

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CHAIRMAN'S STATEMENT



The Group, however, remains cautiously optimistic since the residential properties overhang in Malaysia is still high and may persist for some time.

The Group has experienced yet another difficult year with additional challenges. With the volatility of the local and global economic scene, our core businesses continue to face prolonged uncertainties.

Group turnover for FY2002 increased 8% from S\$81.2 million in the previous year to S\$87.6 million this year, mainly due to higher volume of sales in steel.

Group net loss attributable to shareholders decreased from \$7.2 million to \$3.0 million mainly due to a decrease in provision for foreseeable losses made for development properties this year and profits generated by Che Kiang Realty Sdn Bhd as a result of the launching of the Brooklands project and sales of shop lots in Mahkota Square.

The main factors that contributed to the S\$3.0 million loss were due to the provisions for foreseeable losses of \$2.5 million on the 2 development properties in Singapore and diminution in value of unquoted investments of \$1.2 million at the year end.

PROSPECTS

Steel Trading and Fabrication

The construction sector in Singapore is expected to remain uncertain in the next year. However, with the impending public projects next year such as the MRT Circle Line,

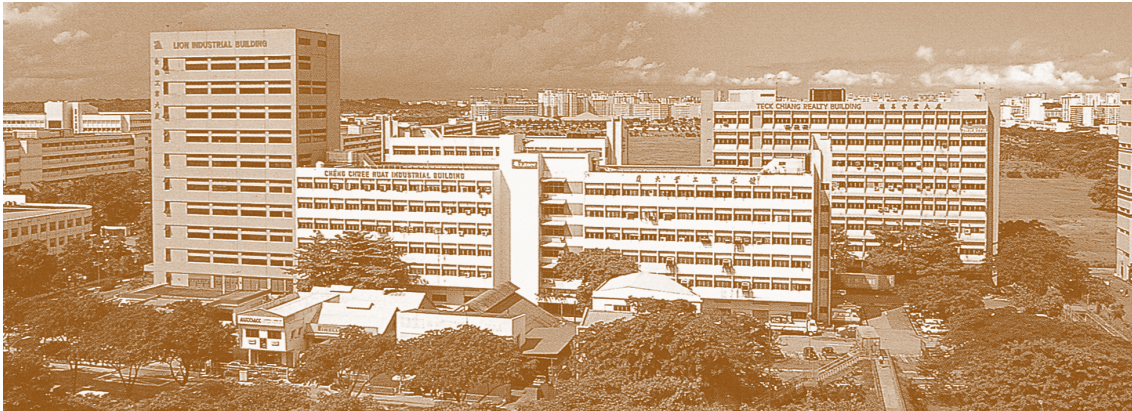
Singapore Management University's city campus and Jurong General Hospital, the Group anticipates the sales volume of the steel division to be sustainable.

According to the Ministry of Trade and Industry, the construction sector had suffered around 9% and 10% contraction in the 1st and 2nd quarter of 2002 respectively. The Group expects the performance of steel trading and fabrication to be affected by this slowdown and higher imported purchase price of steel.

Regional Property Development and Management

The recently relaxed rules on downpayment for private home purchases from 1 September 2002 would provide a boost to market activity for residential properties in Singapore. However, while the new rules are expected to improve sales, property prices are not expected to increase significantly due to the existing excessive supply.

The property market in Malaysia is expected to fare better compared to Singapore. Despite the challenging property market, the Group expects to garner sales through various innovative promotions and incentives such as the 'rent now, buy later' concept of marketing completed properties, sales campaigns, rebate schemes, road shows and easy payment schemes to assist purchasers on downpayment to promote sales competitively.



The Malaysian government's supportive measures such as waivers in stamp duties, easy housing loan accessibility and low interest rates will further facilitate home ownership, particularly for first-time buyers.

Following the successful sales of almost all the single and double storey homes at Bandar Baru Brooklands, the Group plans to build bigger and better designed single storey terrace units, which are targeted to be launched in mid-2003.

In Johore, Taman Iskandar and Taman Suria Skudai are at final stages of planning and obtaining approvals from the relevant authorities. These mixed residential units are expected to enjoy good market absorption.

The Group, however, remains cautiously optimistic since the residential properties overhang in Malaysia is still high and may persist for some time.

As for the investment property, the take-up rate of industrial building is expected to remain weak due to large supply overhang and stiff competition from other older conventional industrial buildings and Jurong Town Corporation.

Although business prospects may improve next year, competition will be intense and margins would constantly remain under pressure. Going forward, the Group will continue to seek new opportunities for growth.

The Group will strive to improve performance and achieve productivity through efforts to reduce operating costs and strategic collaboration with our partners. Barring unforeseen circumstances and uncertain developments in the Gulf area, the Group expects to breakeven next year.

DIRECTORATE AND ACKNOWLEDGEMENT

In May 2002, Mr Sam Chong Keen resigned as the Vice-Chairman and the Chief Executive Officer of the Company as his employment contract had expired. I would like to express my appreciation for his invaluable contributions. Mr Cheng Yong Liang has assumed Mr Sam's duties since his departure.

During the same month, Ms Juliana Cheng was appointed as the Alternate Director to Tan Sri Cheng Heng Jem.

On behalf of the Board of Directors, I would like to extend our gratitude and appreciation to our customers, suppliers, shareholders and business associates for their continuous support. I would also like to extend my sincere thanks to the management and staff for their commitment, dedication and hard work.

Cheng Theng Kee
Chairman

OPERATIONS REVIEW

STEEL TRADING AND FABRICATION

For the year under review, steel trading and fabrication accounted for 70% of the Group's turnover. Tonnage for rebars trading increased by 15% while turnover increased by 12%. Tonnage for rebars fabrication increased by 58% while turnover increased by 48%.

Overall rebars tonnage increased by 38% while the tonnage for fabrication increased from 54% to 61% of the total rebars tonnage over the comparative period.

Net profit before interest and taxes for the Steel Division declined by \$2.2m mainly due to higher imported material costs from a much stronger US dollar and lower sales prices caused by stiff competition locally.

Some of the major public sector projects secured by the Group were JTC stack-up factory at Woodlands, HDB stack-up factory at Bedok, LTA TO2 and TO3 underground tunnels and PSA Headquarters at Telok Blangah.

Major private sector projects secured for the year were the UMCI wafer fabrication factory at Pasir Ris and residential development such as the Changi Rise, Serangoon View and Caribbean Waterfront condominiums.

Despite the unfavourable economic and business conditions, the Group remained focused in seeking strategic alternatives and solutions.

In June 2002, Angkasa Hong Leong Pte Ltd ("AHL"), LTC's subsidiary successfully secured a piece of land adjacent to its existing factory at Woodlands. The Group together with its joint venture partner, Hong Leong Asia Limited, are looking at the possibility of factory expansion, which in turn, would enable AHL to increase its turnover by expanding its production capacity, improving productivity and raising efficiency levels. The Group will also endeavour to secure more fabrication contracts.



steel

from left: 1. Wire rod in coil form. 2. Straight Bars. 3. Rebars fabrication factory.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

Ong Teong Wan (Chairman)
Chay Yee
Cheng Yong Liang

REMUNERATION COMMITTEE

Chay Yee (Chairman)
Ong Teong Wan
Cheng Yong Liang

EXECUTIVES' SHARE OPTION COMMITTEE

Ong Teong Wan
Mazlan Bin Dato' Harun
Chay Yee

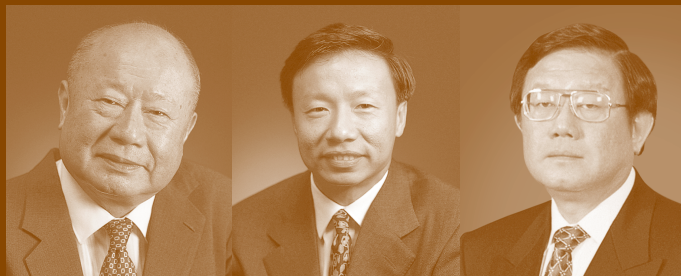
COMPANY SECRETARIES

Chan Su Lee, ACIS
Tan Yen Hui, ACIS

REGISTERED OFFICE

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

BOARD OF DIRECTORS



top, from left:

1. **Cheng Theng Kee**, Chairman
Appointed to the Board in 1997 and as Chairman of the Board.
2. **Cheng Yong Liang**, Managing Director
Mr Cheng was appointed to the Board in 1997 and is a member of its Remuneration and Nominating Committee. He is also a director of Lion Land Bhd, a company listed on KLSE.

3. **Tan Sri Cheng Heng Jem**,
Non-Executive Director
A director since 1997, Tan Sri is also the Chairman and Managing Director of Lion Corporation Bhd., Chairman of Chocolate Products (Malaysia) Bhd., Posim Bhd. and Angkasa Marketing Bhd.; Director of Amsteel Corporation Bhd. and Director of Amalgamated Containers Bhd., all of which are listed on the KLSE.

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

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

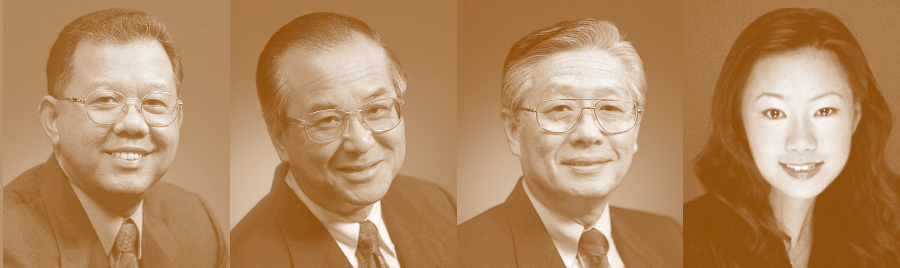
SOLICITORS
Wong Partnership
80 Raffles Place #58-01
UOB Plaza 1
Singapore 048624
Tel : (65) 6532 7488
Fax : (65)6532 5711

PRINCIPAL BANKERS
**The Development Bank of
Singapore Limited**
**Oversea-Chinese Banking
Corporation Limited**
Citibank N.A.

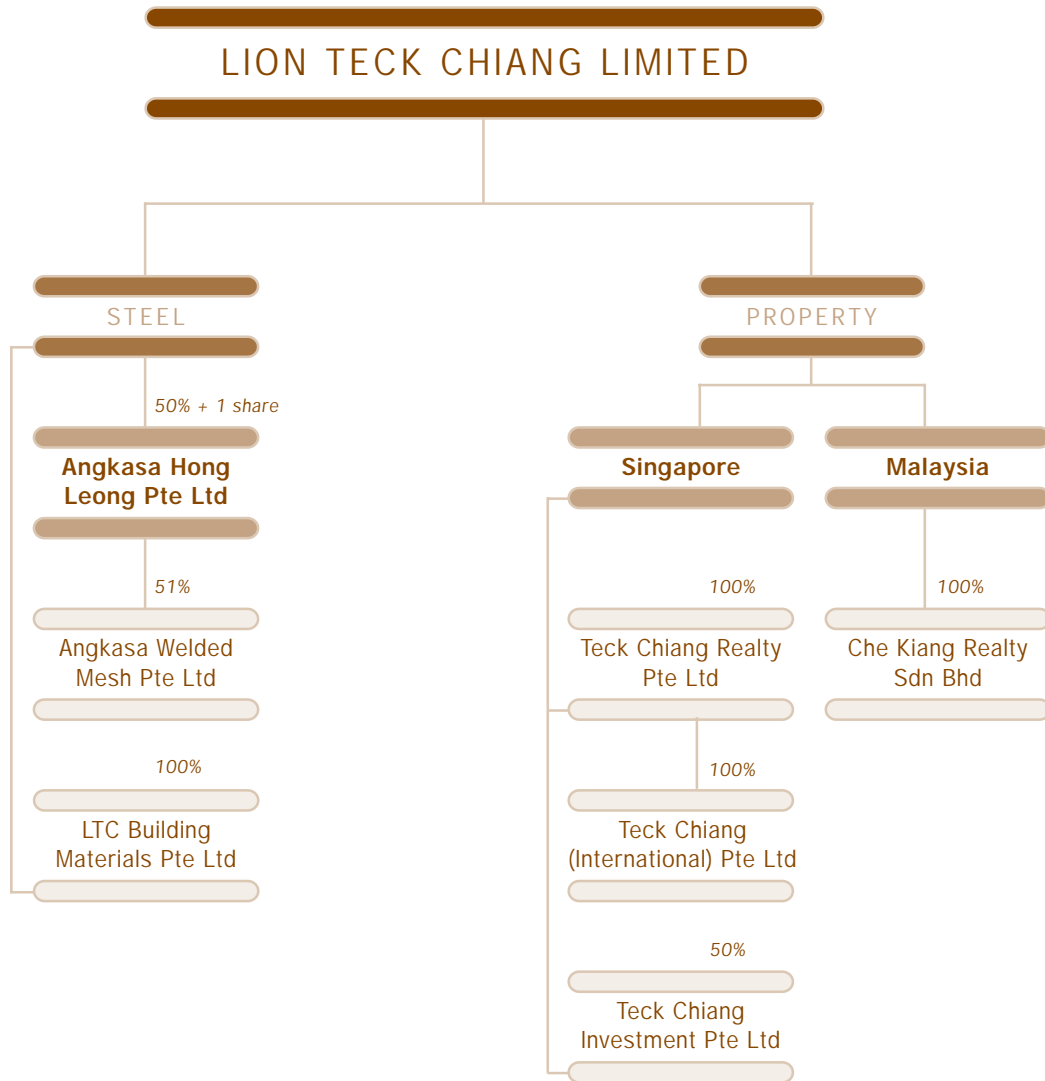
bottom, from left:

4. **Mazlan Bin Dato' Harun**, *Non-Executive Director*
Mr Mazlan was appointed to the Board in 1986 and is a member of its Audit Committee. He is also the Executive Chairman of Bidara Holdings Sdn Bhd.
5. **Chay Yee**, *Non-Executive Director*
Mr Chay joined the Board in 1997 and was appointed Chairman to the Remuneration Committee and is a member of Audit Committee and Nominating Committee. He is also a Managing Director of Forte Management Services Pte Ltd.

6. **Ong Teong Wan**, *Non-Executive Director*
A director since 1998, Mr Ong was appointed Chairman of its Audit Committee and Nominating Committee and a member of Remuneration Committee. He is the Senior Director, Consulting Support at the Singapore Institute of Management and Director of Vicom Ltd.
7. **Juliana Cheng San San**, *Non-Executive Director*
Ms Juliana Cheng joined the Board in 2002 and was appointed Alternate Director to Tan Sri Cheng Heng Jem.



CORPORATE STRUCTURE



FINANCIAL SUMMARY

FINANCIAL PERFORMANCE		
	2002 S\$'000	2001 S\$'000
Turnover for the year ended 30 June		
Steel	61,338	56,004
Property development	22,969	22,070
Property rental and management	3,250	3,086
Investment holdings	79	71
Total	87,636	81,231
Profit before interest and taxes for the year ended 30 June		
Steel	87	2,254
Property development	(1,340)	(5,080)
Property rental and management	1,375	1,428
Investment holdings	(1,096)	(3,370)
Total	(974)	(4,768)
Financial ratios (cents)		
Loss per share	1.92	4.61
(after tax and based on existing issued share capital)		
Net tangible assets backing per ordinary share	85	88
Par value per share	50	50
Current ratio (times)	1.04	0.76
Gearing ratio (times)	0.35	0.44
FINANCIAL POSITION		
	2002 S\$'000	2001 S\$'000
Non-current assets		
Investment properties	85,000	85,000
Fixed assets	10,122	10,082
Associated companies	2	2
Long-term investments	4,391	5,545
Properties under development	50,281	61,154
Current assets		
Current liabilities	(67,076)	(87,414)
Long-term liabilities	(4,016)	(1,528)
Deferred taxation	(1,567)	(1,921)
Net assets	146,714	137,093
Represented by:		
Share capital	78,227	78,227
Share premium	71,886	71,886
Capital reserve	3,598	2,754
Exchange translation reserve	(10,223)	(7,947)
Accumulated losses	(10,838)	(7,827)
Shareholders' funds	132,650	137,093
Minority interests	14,064	-
Total equity	146,714	137,093

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REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report to the members together with the audited financial statements of the Company and of the Group for the year ended 30 June 2002.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

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

RESULTS FOR THE FINANCIAL YEAR

	Group \$'000	Company \$'000
Net (loss)/profit for the year	(2,996)	314

TRANSFERS TO/FROM RESERVES AND PROVISIONS

Detailed movements of reserves are shown in the statements of changes in equity.

Apart from these movements, there were no other material transfers to or from provisions during the financial year except for normal amounts set aside for items such as depreciation, provision for foreseeable losses, provision for doubtful debts, inventory obsolescence and taxation as disclosed in the financial statements.

ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

The Group's effective interest in a subsidiary company, Angkasa Hong Leong Pte Ltd was diluted from 100% to 50% plus 1 share following the issuance of new ordinary shares by Angkasa Hong Leong Pte Ltd.

There was no acquisition or disposal of subsidiary companies during the financial year.

ISSUE OF SHARES AND DEBENTURES

On 2 July 2001, a subsidiary company, Angkasa Hong Leong Pte Ltd issued 11,517,999 ordinary shares of \$1 each, at \$1.3023 per share for cash to provide for additional working capital.

The Company did not issue any shares or debentures during the financial year.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of Director	Held in the name of Director		Deemed interest	
	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
No. of ordinary shares of \$0.50 each				
Cheng Theng Kee	300,000	300,000	53,100,000	53,100,000
Cheng Yong Liang	150,000	150,000	-	-
Tan Sri Cheng Heng Jem	-	-	20,494,000	20,494,000
Mazlan Bin Dato' Harun	-	-	8,332,000	8,332,000
Juliana Cheng San San	12,000	12,000	-	-

No. of options to subscribe for ordinary shares of \$0.50 each

Cheng Yong Liang	180,000	180,000	-	-
Juliana Cheng San San	13,000	13,000	-	-

There was no change in the abovementioned interests between the end of the financial year and 21 July 2002.

By virtue of Section 7 of the Companies Act, Cap. 50, Cheng Theng Kee with shareholdings as set out above, is deemed to have an interest in all the subsidiary companies of the Company.

None of the other Directors who held office at the end of the financial year had an interest in the shares or debentures of the Company or the Company's subsidiary companies.

DIVIDENDS

No dividend was paid or proposed during the financial year.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts if any have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render any amount written off or provided for bad and doubtful debts in the group of companies inadequate to any substantial extent.

REPORT OF THE DIRECTORS

CURRENT ASSETS

Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or adequate provision had been made for the diminution in the value of such current assets.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or any corporation in the Group has arisen which secure the liabilities of any other person and no contingent liability has arisen.

ABILITY TO MEET OBLIGATIONS

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

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

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

UNUSUAL ITEMS

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the exceptional items disclosed in Note 26 to the financial statements.

UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

DIRECTORS' CONTRACTUAL BENEFITS

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

REPORT OF THE DIRECTORS

OPTIONS ON SHARES IN THE COMPANY

Pursuant to the Lion Teck Chiang Executives' Share Option Scheme, options to take up 246,000 unissued shares of \$0.50 each in the Company were outstanding at 30 June 2002 :

Date of grant	No. of share options				At 30.6.2002	Exercise price	Exercise period
	At 1.7.2001	Granted	Lapsed	Exercised			
8.4.1998	375,000	-	(180,000)	-	195,000	\$0.50	9.4.1999 to 7.4.2003
5.4.1999	97,000	-	(46,000)	-	51,000	\$0.50	6.4.2000 to 4.4.2004
	<u>472,000</u>	<u>-</u>	<u>(226,000)</u>	<u>-</u>	<u>246,000</u>		

The employees to whom the share options have been granted have no right to participate by virtue of their subscription rights and share options, in any shares of any other company in the Group.

CORPORATE GOVERNANCE

The Company believes in maintaining high standards of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders.

For effective corporate governance, the Company has in place various self-regulatory and monitoring mechanisms.

BOARD OF DIRECTORS

The Board comprises six Directors, four of whom are Non-Executive Directors. They meet at least twice yearly.

The Board supervises and approves overall strategic plans, key operational and financial matters, major investment and funding decisions, supervise executive management and ensure that the Company's strategies are in the interest of the Company and its shareholders. The Board carries out these functions directly or through committees of the Board, which have been set up to support its work.

The Board has set up four sub-committees, namely the Audit Committee, Nominating Committee, Remuneration Committee and Executives' Shares Option Committee to assist in the execution of statutory responsibilities.

AUDIT COMMITTEE

The Audit Committee comprises three members, two of whom, including its Chairman, are Independent Directors. The members of Audit Committee are :

Ong Teong Wan (Chairman)
Chay Yee
Mazlan Bin Dato' Harun (appointed on 11 March 2002)

To enable the Committee to discharge its functions more effectively, the Company has set up an internal audit department. The Audit Committee has full access to both the external and internal auditors.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE (CONT'D)

The Committee meets at least twice a year to review the scope of work of the internal and external auditors. The following are some of the functions of the Audit Committee:

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

NOMINATING COMMITTEE

The Nominating Committee comprises three Board members, a majority of whom, including the Chairman is considered to be independent. The members of Nominating Committee are :

Ong Teong Wan (Chairman)
Chay Yee
Cheng Yong Liang

The Committee provides a formal and transparent process for the appointment of new Directors as well as to assess the effectiveness of the Board as a whole and of individual Directors.

REMUNERATION COMMITTEE

The Remuneration Committee, which comprises three Board members, a majority of whom, including the Chairman is considered to be independent. The members of the Remuneration Committee are:

Chay Yee (Chairman)
Ong Teong Wan
Cheng Yong Liang

Its objective is to facilitate appropriateness, transparency and accountability to shareholders on issues of remuneration of the directors and executive management in the Company.

EXECUTIVES' SHARE OPTION SCHEME (ESOS) COMMITTEE

The ESOS Committee comprises three members, all of whom are independent of management :

Ong Teong Wan
Mazlan Bin Dato' Harun
Chay Yee

The Committee is responsible for the administration of the ESOS in the Company and they do not participate in the Scheme.

Pursuant to Clause 852 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), in addition to the information disclosed elsewhere in the report, it is reported that during the financial year :

- (i) No options were granted to subscribe for unissued shares of the Company.
- (ii) Participants of the scheme who are Directors of the Company are as follows:

REPORT OF THE DIRECTORS

EXECUTIVES' SHARE OPTION SCHEME (ESOS) COMMITTEE (CONT'D)

Name of Participant	Options granted during the financial year under review (including terms)	Aggregate options granted since commencement of the scheme to end of financial year under review	Aggregate options exercised since commencement of the scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Cheng Yong Liang	Nil	180,000	Nil	180,000
Juliana Cheng San San	Nil	13,000	Nil	13,000

GROUP INTERNAL AUDIT

Besides performing financial audits, the Group's internal audit team also conducts audits of operation and management processes. Tests are conducted to verify the Group's assets and liabilities and to check on compliance with the Company's system of internal financial and operation controls. The Group internal audit team has direct access to the Audit Committee.

SECURITIES TRANSACTIONS

The Company has issued a Compliance Code on Securities Transactions to all employees of the Company and its subsidiaries, setting out the implications of insider trading and the recommendations of the Best Practices Guide so as to provide guidance to employees on dealing in the Company's shares. The Company has adopted a code of conduct on transactions in the Company's shares modelled after the Best Practices Guide on Dealings in Securities as issued by the SGX.

AUDITOR

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

On behalf of the Board,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
1 October 2002

STATEMENT BY DIRECTORS

Pursuant to Section 201(15)

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

- (a) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated cash flow statement together with the notes thereto, set out on pages 19 to 51 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2002 and of the results of the business, and changes in equity of the Company and of the Group, and cash flows of the Group for the year ended 30 June 2002; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on 1 October 2002.

On behalf of the Board,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
1 October 2002

AUDITOR'S REPORT

to the Members of Lion Teck Chiang Limited

We have audited the financial statements of Lion Teck Chiang Limited set out on pages 19 to 51. These financial statements comprise the balance sheets of the Company and the Group as at 30 June 2002, the profit and loss accounts, the statement of changes in equity of the Company and the Group and cash flow statement of the Group for the year then ended, and notes thereto. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion,

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Singapore Statements of Accounting Standard so as to give a true and fair view of :
 - (i) the state of affairs of the Company and of the Group as at 30 June 2002, the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditor's report of the subsidiary company of which we have not acted as auditor, and whose financial statements have been included in the consolidated financial statements. The name of the subsidiary company audited by our associate firm is stated in Note 33.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company 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 as required by us for those purposes.

The auditor's report on the financial statements of the subsidiary company was not subject to any qualification and in respect of subsidiary companies incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG

Certified Public Accountants

Singapore
1 October 2002

BALANCE SHEETS

as at 30 June 2002

	Note	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Non-current assets					
Investment properties	3	85,000	85,000	-	-
Fixed assets	4	10,122	10,082	2	3
Subsidiary companies	5	-	-	143,909	143,560
Associated companies	6	2	2	17	15
Long-term investments	7	4,391	5,545	380	380
Interests in investment projects	8	-	-	-	-
Properties under development	9	50,281	61,154	-	-
Current assets					
Completed properties held for sale	10	26,145	17,555	-	-
Stocks	11	3,993	7,675	-	-
Trade debtors	12	23,493	20,861	-	-
Other debtors	13	1,528	897	189	142
Amounts due from related parties	14	877	1,069	-	-
Fixed deposits		2,447	5,411	-	-
Cash and bank balances		11,094	12,705	55	102
		69,577	66,173	244	244
Current liabilities					
Trade creditors	15	9,380	16,231	-	-
Other creditors	16	5,565	4,017	259	240
Interest-bearing loans and borrowings	17	42,991	59,202	-	-
Amounts due to related parties	14	5,690	2,643	49	32
Provision for taxation		3,450	5,321	-	-
		67,076	87,414	308	272
Net current assets/(liabilities)		2,501	(21,241)	(64)	(28)
Long-term liabilities					
Interest-bearing loans and borrowings	17	4,016	1,528	-	-
Deferred taxation	18	1,567	1,921	-	-
		(5,583)	(3,449)	-	-
Net assets		146,714	137,093	144,244	143,930
Capital and reserves					
Share capital	19	78,227	78,227	78,227	78,227
Share premium		71,886	71,886	71,886	71,886
Capital reserve		3,598	2,754	-	-
Exchange translation reserve		(10,223)	(7,947)	-	-
Accumulated losses		(10,838)	(7,827)	(5,869)	(6,183)
Shareholders' funds		132,650	137,093	144,244	143,930
Minority interests		14,064	-	-	-
Total equity		146,714	137,093	144,244	143,930

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

PROFIT AND LOSS ACCOUNTS

for the year ended 30 June 2002

	Note	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues	20	87,636	81,231	-	1,903
Other revenues	21	787	1,156	-	12
Total revenues		88,423	82,387	-	1,915
Costs and expenses					
Cost of sales	22	(81,675)	(77,178)	-	-
Salaries and employee benefits	23	(3,021)	(2,623)	-	-
Depreciation of fixed assets		(1,017)	(1,112)	(1)	(1)
Other operating expenses		(4,171)	(4,158)	(201)	(1,114)
Total costs and expenses		(89,884)	(85,071)	(202)	(1,115)
Operating (loss)/profit	24	(1,461)	(2,684)	(202)	800
Finance costs	25	(2,052)	(1,697)	-	-
Share of results of associated companies		(2)	-	-	-
Exceptional items	26	490	(2,084)	452	(15,852)
(Loss)/profit before taxation and minority interests		(3,025)	(6,465)	250	(15,052)
Taxation	27	(19)	(749)	64	(466)
Minority interests, net of taxes		48	-	-	-
Net (loss)/profit for the year		(2,996)	(7,214)	314	(15,518)
Loss per share					
- Basic and diluted	28	(1.9)	(4.6)		

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2002

	Note	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
SHARE CAPITAL					
Issued and paid-up share capital					
Balance, beginning and end of year	19	78,227	78,227	78,227	78,227
SHARE PREMIUM					
Balance, beginning and end of year		71,886	71,886	71,886	71,886
CAPITAL RESERVE					
Revaluation surplus					
Balance, beginning of year					
- As previously reported		3,282	5,337	-	-
- Effect of adopting SAS 12 (Revised 2001)		(528)	(528)	-	-
- As restated		2,754	4,809	-	-
Dilution of interest in subsidiary company		900	-	-	-
Written-back against properties under development		(56)	(2,055)	-	-
Balance, end of year		3,598	2,754	-	-
EXCHANGE TRANSLATION RESERVE					
Balance, beginning of year		(7,947)	(11,956)		
Exchange differences on consolidation		(2,276)	4,009	-	-
Balance, end of year		(10,223)	(7,947)	-	-
(ACCUMULATED LOSSES)/REVENUE RESERVE					
Balance, beginning of year					
- As previously reported		(7,848)	(613)	(6,183)	9,335
- Effect of adopting SAS 12 (Revised 2001)		21	-	-	-
- As restated		(7,827)	(613)	(6,183)	9,335
Dilution of interest in subsidiary company		(15)	-	-	-
Net (loss)/profit for the year					
- As previously reported		(2,996)	(7,235)	314	(15,518)
- Effect of adopting SAS 12 (Revised 2001)		-	21	-	-
-As restated		(2,996)	(7,214)	314	(15,518)
Balance, end of year		(10,838)	(7,827)	(5,869)	(6,183)
TOTAL EQUITY		132,650	137,093	144,244	143,930

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
Cash flows from operating activities :		
Operating loss before interest and taxation	(1,194)	(5,451)
Adjustments for :		
Depreciation of fixed assets	1,017	1,112
Gain on disposal of fixed assets	(191)	(45)
Provision for foreseeable losses	2,094	4,752
Provision for/(write back of) diminution in value of investments	1,232	(433)
Provision for diminution in value of completed properties held for sale	358	-
Currency realignment	(2,404)	3,369
Net gain on liquidation of investment in subsidiary company	(490)	(1,389)
Provision for diminution in value of investment projects, net of minority interest written off	-	3,473
	<hr/>	<hr/>
Operating profit before reinvestment in working capital	422	5,388
Decrease/(increase) in stocks	3,682	(102)
(Increase)/decrease in debtors	(3,263)	1,178
(Decrease)/increase in creditors	(5,303)	16,823
Decrease/(increase) in properties under development	8,723	(11,009)
Increase in completed properties	(8,948)	-
	<hr/>	<hr/>
Cash (used in)/generated from operations	(4,687)	12,278
Interest paid	(2,052)	(1,697)
Income taxes paid	(2,117)	(3,468)
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(8,856)	7,113
Cash flows from investing activities :		
Interest received	221	683
Proceeds from liquidation of investment in subsidiary company	490	17,106
Additions in long-term investments	(78)	(1,644)
Proceeds from sale of fixed assets	396	222
Purchase of fixed assets	(1,264)	(310)
	<hr/>	<hr/>
Net cash (used in)/provided by investing activities	(235)	16,057

	2002 \$'000	2001 \$'000
Cash flows from financing activities :		
Decrease in hire purchase creditors	(64)	(53)
Proceeds of long-term borrowings	2,504	1,509
Repayment of short-term borrowings	(12,229)	(8,545)
Increase/(decrease) in amounts due to related parties	3,047	(15,396)
Decrease in amounts due from related parties	192	2,933
Decrease in amounts due to associated companies	-	(15,439)
Proceeds from issuance of share by subsidiary company	15,000	-
Net cash provided by/(used in) financing activities	8,450	(34,991)
Net decrease in cash and cash equivalents	(641)	(11,821)
Cash and cash equivalents at beginning of year (Note 29)	(13,943)	(2,122)
Cash and cash equivalents at end of year (Note 29)	(14,584)	(13,943)

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

1. CORPORATE INFORMATION

The financial statements of Lion Teck Chiang Limited for the financial year ended 30 June 2002 were authorised for issue in accordance with a resolution of the Directors on 1 October 2002.

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

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

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

The Company and the Group employed nil and 158 (2001 : nil and 143) employees respectively as of 30 June 2002. The Group operates mainly in Singapore and Malaysia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements of the Company and of the Group, are prepared under the historical cost basis modified by revaluation of certain fixed assets and properties under development.

The financial statements of the Company and of the Group have been prepared in accordance with Singapore Statements of Accounting Standard ("SAS") and the applicable provisions of the Companies Act.

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

The accounting policies have been consistently applied by the Company except for the new and revised SAS adopted on their effective dates during the year.

The following standards are applicable to the Company and have been adopted in the financial statements on their effective dates :

- SAS 10 (Revised 2000): Events after the Balance Sheet Date;
- SAS 12 (Revised 2001): Income Taxes;
- SAS 17 (Revised 2000): Employee Benefits;
- SAS 22 (Revised 2000): Business Combinations;
- SAS 31 (2000): Provisions, Contingent Liabilities and Contingent Assets;
- SAS 32 (2000): Financial Instruments - Disclosure and Presentation; and
- SAS 36 (2000): Impairment of Assets.

In accordance with SAS 12 (Revised), deferred tax is required to be provided for revaluation of assets. This change in accounting policy has been accounted for retrospectively. The comparative statements for 2001 have been restated to conform to the changed policy. The Group's opening balances of the asset revaluation reserve of the current and prior year have been debited with \$528,000 respectively.

The Group's opening balances of the revenue reserve of the current year have been credited with \$21,000. The Group's deferred tax liabilities of the current and prior year have been credited by \$507,000 and \$528,000 respectively. The details of the effect of the change have been disclosed in the statement of changes in equity in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

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

(b) Principles of consolidation

The accounting year of the Company and all its subsidiaries ends on 30 June and the consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed off during the period are included in or excluded from the respective dates of acquisition or disposal, as applicable.

Assets, liabilities and results of overseas subsidiaries are translated into Singapore dollars on the basis outlined in paragraph (s) below.

(c) Goodwill

Goodwill arising on consolidation of subsidiaries and on acquisition of associated companies represents the excess of the purchase consideration paid for subsidiaries/associated companies over the fair values ascribed to the net underlying assets acquired at the date of acquisition and is amortised to the profit and loss account on a straight-line basis over its estimated useful economic life of 20 years.

Capital reserve on consolidation represents the excess of the fair values ascribed to the acquired subsidiaries' net underlying assets at the date of acquisition over the purchase consideration for such subsidiaries.

Upon disposal of subsidiaries or associated companies, the attributable amount of purchased goodwill or capital reserve on consolidation previously dealt with in reserves is realised and taken into account in arriving at the gain or loss on disposal of the investments.

(d) Subsidiary companies

Shares in subsidiary companies are stated at cost. Provision is made for any diminution in value which is considered to be permanent.

(e) Associated companies

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term interest of not less than 20% of the equity and in whose financial and operating policy decision the Group exercises significant influence.

The Group's share of the results of associated companies is included in the consolidated profit and loss account. The Group's share of the post-acquisition reserves of associated companies is included in the investments in the consolidated balance sheet.

Shares in associated companies are stated in the balance sheet of the company holding the investment, at cost and provision is made for permanent impairment in value.

(f) Fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

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

(f) **Fixed assets (cont'd)**

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

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

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

The carrying amounts, both those revalued and those measured at cost, are reviewed at each balance sheet date for impairment by assessing whether the carrying amounts are recorded in excess of their recoverable amount. If carrying values exceed their recoverable amount, this results in assets impairment and accordingly, assets are written down.

(g) **Depreciation**

Depreciation is calculated on the straight line method to write off the cost or valuation of fixed assets over their estimated useful lives. No depreciation is provided on construction in progress and freehold land. The estimated useful lives of fixed assets are as follows :

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

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

(h) **Leased assets**

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are capitalised under fixed assets as if they had been purchased outright at the values equivalent to the present values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. Depreciation on the relevant assets is charged to profit and loss account on the basis outlined in paragraph (g) above.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

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

(i) Investment properties

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

Investment properties are stated at Directors' valuation made each year on an open market value on existing use basis. The net surplus or deficit on revaluation is taken to a revaluation reserve account unless the total revaluation surplus is insufficient to cover the deficit, in which case the amount by which the deficit exceeds the amount in the revaluation reserve account is charged to the profit and loss account. A surplus on revaluation directly related to a previous deficit arising from the same investment that was charged to profit and loss account, will be credited to the profit and loss account to the extent that it offsets the previously recorded deficit.

(j) Investments

Investments held on a long-term basis are stated at cost. Provision is made for any diminution in value which is considered to be permanent. This is determined on an individual basis.

Interests in investment projects with underlying contractual periods are stated at cost less provisions for permanent diminution in values, or where appropriate, amortised over its estimated useful life to the Group from the commencement date of operations.

(k) Properties under development

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

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

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

(l) Deferred expenditure

Deferred expenditure comprises pre-operating and preliminary expenses which are written off in full in the profit and loss accounts.

(m) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all costs in bringing the stocks to their present location and condition. Net realisable value is the price at which stocks can be sold in the ordinary course of business after allowing for costs of realisation. Provision is made where necessary for obsolete, slow-moving and defective stocks.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

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

(n) Trade and other receivables

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

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

(o) Trade and other payables

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

Payables to related parties are carried at cost.

(p) Provisions

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

(q) Loans and borrowings

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

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

(r) Income taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future (unless the deferred tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised (unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss). For deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

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

(r) Income taxes (cont'd)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

(s) Foreign currency

Foreign currency transactions

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

Foreign entities

For inclusion in Group accounts, the assets and liabilities of foreign subsidiaries and associated companies are translated into SGD equivalents using year end foreign exchange rate. Revenue and expenses are translated using average foreign exchange rates.

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

(t) Revenue recognition

Revenues from the sale of steelbars and fabricated products are recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Profits recognised from properties under development is outlined in paragraph (k) above.

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

Rental and related income from investment properties are recognised on an accrual basis.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and highly liquid investments which are readily convertible to cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

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

(v) Segment reporting

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

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Intersegment pricing is determined on an arm's length basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

The Group comprises 4 main business segments i.e. steel trading, property rental, property development and investment holdings.

The Group operates in 2 principal geographical areas, Singapore and Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of assets.

(w) Employee benefits

Defined contribution plan

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

Equity compensation plan

The Company has in place the Lion Teck Chiang Executives' Share Option Scheme that allows certain employees to acquire shares of the Company. No compensation cost or obligation is recognised in the financial statements. When the options are exercised, equity is increased by the amount of the proceeds received.

3. INVESTMENT PROPERTIES

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Investment properties, at valuation	85,000	85,000	-	-

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

	Location	Description	Approx. site area	Group's effective interest	Tenure of land
(i)	10 Arumugam Road Singapore 409957	Lion Industrial Building	5,183.3 sq.m.	100%	Freehold
(ii)	12 Arumugam Road Singapore 409958	Cheng Chwee Huat Industrial Building	13,069.2 sq.m.	100%	Freehold

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

3. INVESTMENT PROPERTIES (CONT'D)

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

iii)	14 Arumugam Road Singapore 409959	Teck Chiang Realty Building	8,279.2 sq.m.	100%	Freehold
(iv)	16 Arumugam Road Singapore 409961	Teck Chiang Industrial Building	6,697.0 sq.m.	100%	Freehold

The above investment properties were professionally valued by Knight Frank Pte Ltd on 26 June 2001 at \$85,500,000. The resulting surplus of \$500,000 was not adjusted in the financial statements since 30 June 2001.

Investment properties have been mortgaged to secure various banking facilities as disclosed in Note 17.

4. FIXED ASSETS

Group	Construction in progress \$'000	Industrial buildings \$'000	Plant and machinery \$'000	Reno- vation \$'000	Furniture and fittings \$'000	Office equipment \$'000	Electrical fittings \$'000	Computers \$'000	Motor vehicles \$'000	Total \$'000
Cost and valuation										
At 1 July 2001	-	7,618	5,641	440	382	277	31	517	1,212	16,118
Additions	70	269	618	-	31	43	1	21	211	1,264
Disposals	-	-	(263)	-	-	(11)	-	-	(179)	(453)
Liquidation of subsidiary	-	-	-	-	-	(35)	-	-	(86)	(121)
Currency realignment	-	-	-	(2)	-	(3)	-	-	(3)	(8)
At 30 June 2002	70	7,887	5,996	438	413	271	32	538	1,155	16,800
Representing :										
Cost	70	269	5,996	438	413	271	32	538	1,155	9,182
Valuation	-	7,618	-	-	-	-	-	-	-	7,618
	70	7,887	5,996	438	413	271	32	538	1,155	16,800
Accumulated depreciation										
At 1 July 2001	-	986	3,024	234	294	150	28	408	912	6,036
Charge for the year	-	272	501	48	18	34	1	42	101	1,017
Disposals	-	-	(137)	-	-	(6)	-	-	(179)	(322)
Liquidation of subsidiary	-	-	-	-	-	(17)	-	-	(30)	(47)
Currency realignment	-	-	-	(1)	-	(2)	(1)	-	(2)	(6)
At 30 June 2002	-	1,258	3,388	281	312	159	28	450	802	6,678
Charge for 2001	-	268	497	55	22	36	4	101	129	1,112
Net book value										
At 30 June 2002	70	6,629	2,608	157	101	112	4	88	353	10,122
At 30 June 2001	-	6,632	2,617	206	88	127	3	109	300	10,082

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

4. FIXED ASSETS (CONT'D)

Company

	Computers \$'000
Cost	
At 1 July 2001 and at 30 June 2002	4
Accumulated depreciation	
At 1 July 2001	1
Charge for the year	1
At 30 June 2002	2
Charge for 2001	1
Net book value	
At 30 June 2002	2
At 30 June 2001	3

(a) Net book value of motor vehicles under hire purchase arrangement at 30 June 2002 is \$46,012 (2001 : \$61,350).

(b) Net book value of revalued assets if carried at cost less accumulated depreciation amounts to \$4,379,886 (2001 : \$4,561,970).

(c) The following is the land and building held by the Group :

Location	Description	Approx. site area	Tenure of land
20 Woodlands Loop, Singapore	Factory and office building	11,203.0 sq.m.	30-year leasehold commencing 1 October 1994

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

5. SUBSIDIARY COMPANIES

	Company	
	2002 \$'000	2001 \$'000
Unquoted equity investments, at cost	130,070	130,070
Amounts due from subsidiary companies	39,511	63,685
Less: Provision for doubtful debts	(15,400)	(15,852)
	24,111	47,833
Amounts due to subsidiary companies	(10,272)	(34,343)
	143,909	143,560

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

5. SUBSIDIARY COMPANIES (CONT'D)

	Company	
	2002 \$'000	2001 \$'000
Analysis of provision for doubtful debts:		
At 1 July	15,852	-
Provision for the year	-	15,852
Written back during the year	(452)	-
At 30 June	15,400	15,852

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

6. ASSOCIATED COMPANIES

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Unquoted equity investments, at cost	-	-	-	-
Share of net post-acquisition reserves	(15)	(13)	-	-
Amounts due from associated companies	17	15	17	15
	2	2	17	15

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

7. LONG-TERM INVESTMENTS

Unquoted equity investments, at cost	7,595	7,517	380	380
Less : Provision for diminution in value	(3,399)	(2,215)	-	-
	4,196	5,302	380	380
Club memberships	313	313	-	-
Less : Provision for diminution in value	(118)	(70)	-	-
	4,391	5,545	380	380
Analysis of provision for diminution in value :				
At 1 July	2,285	2,285	-	-
Provision for the year	1,232	-	-	-
At 30 June	3,517	2,285	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

8. INTERESTS IN INVESTMENT PROJECTS

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cost				
At 1 July	5,937	5,937	-	-
Provision for diminution in value	(6,051)	(6,071)	-	-
Currency realignment	114	134	-	-
At 30 June	-	-	-	-
Analysis of provision for diminution in value:				
At 1 July	6,071	-	-	-
Provision for the year	-	6,071	-	-
Currency realignment	(20)	-	-	-
At 30 June	6,051	6,071	-	-

9. PROPERTIES UNDER DEVELOPMENT

Land	33,692	70,533	-	-
Interest capitalised	3,406	19,945	-	-
Development costs	21,438	31,485	-	-
Attributable profit	1,210	-	-	-
Transfer of completed properties held for sale	(9,465)	(9,778)	-	-
Provision for foreseeable losses	-	(14,550)	-	-
Progress billings	-	(36,481)	-	-
	50,281	61,154	-	-
Analysis of provision for foreseeable losses :				
At 1 July	14,550	24,862	-	-
Provision for the year	2,094	4,752	-	-
Provision written back upon completion of development properties	(14,245)	(11,369)	-	-
Transfer to completed properties (Note 10)	(2,399)	(3,695)	-	-
At 30 June	-	14,550	-	-

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

Directors' remuneration	52	188	-	-
Interest expense	310	3,980	-	-

As at 30 June 2002, a parcel of the above land recorded in the book of a subsidiary company has not yet been registered under the subsidiary company's name. The land and development costs, net of progress billings and attributable profits incurred on this piece of land amounted to \$1,844,308 (2001 : \$1,895,064).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

9. PROPERTIES UNDER DEVELOPMENT (CONT'D)

The properties under development are mortgaged as detailed in Note 17 to the financial statements. The details of the Group's properties under development are as follows :

Property	Tenure of land	Percentage of completion at 30.6.2002/ expected date of completion	Site area/ gross floor area	Group's effective interest	Description and existing use
Malaysia					
(i) Kawasan Bandar XLII District of Melaka Tengah	99 years lease (expiring in 2090)	Phase 2b - b/ planning stage	3.4 acres/ 1.97 hectare	100%	48 units of 4-storey shop/office
(ii) HS(D) 27705 Lot 5836 Mukim of Plentong, District of Johor Bahru	Freehold	Phase 4/ Planning stage	3 acres/ 0.65 hectare	100%	33 units of terrace houses
(iii) Lot 8243 (formerly Lot 1916) Mukim Tanjung Duabelas, District of Kuala Langat Selangor	Freehold	Planning stage	500.14 acres	100%	Industrial land
(iv) Lot 3066 & 3067 Mukim of Tebrau District of Johor Bahru, Johor	Freehold	Planning stage	35.11 acres	100%	Industrial land
(v) Lot 1644, 1645, 1647 & 1648 Mukim of Tanjung Dua Belas Daerah Kuala Langat Selangor) Freehold)))))))))	19.93%/ October 2003 30.99%/ February 2004 Planning stage Planning stage	111.12 acres/ 13.06 hectare	100%	900 units single storey terrace houses 295 units double storey terrace houses 480 units low cost flats 46 units low cost shops
Singapore					
(vi) Lot 98769V Mukim 25 Goodman Road, Singapore	Freehold	Planning stage	1,958.3 sq m/ 1,734.0 sq m	100%	3 units of double storey detached houses

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

10. COMPLETED PROPERTIES HELD FOR SALE

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Freehold and leasehold land	13,066	8,268	-	-
Construction costs	13,639	11,089	-	-
Interest capitalised	4,218	1,893	-	-
Less : Provision for diminution in value	(4,778)	(3,695)	-	-
	26,145	17,555	-	-
Analysis of provision for diminution in value :				
At 1 July	3,695	-	-	-
Transfer from properties under development (Note 9)	2,399	3,695	-	-
Provision for the year	358	-	-	-
Provision written off upon sale of completed properties	(1,674)	-	-	-
At 30 June	4,778	3,695	-	-

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

Property	Tenure of land	Site area/ gross floor area	Group's effective interest	Description and existing use
Malaysia				
(i) Kawasan Bandar XLII District of Melaka Tengah	99 years lease (expiring in 2090)	19.9 acres/ 12.08 hectare	100%	280 units of 4-storey shop/office
Singapore				
(ii) 2A, 2B, 4, 4A, 4B, 6, 6A-6E Ewe Boon Road Singapore	Freehold	1989.2 sq m/ 3448.3 sq m	100%	37 units of 20-storey residential flat
(iii) Lot 3817 Mukim 25 Dunman Road Singapore	Freehold	3412.4 sq m/ 8648.2 sq m	100%	69 units of 18-storey residential flat

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

11. STOCKS

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trading stocks, at cost	3,700	7,675	-	-
Goods in transit	43	-	-	-
Finished goods	74	-	-	-
Remnant	176	-	-	-
	3,993	7,675	-	-

12. TRADE DEBTORS

Trade debtors are stated after deducting provision for doubtful debts of	345	494	-	-
Analysis of provision for doubtful debts :				
At 1 July	494	758	-	-
Provision for the year	15	115	-	-
Bad debts written back	(26)	(38)	-	-
Bad debts written off	(138)	(341)	-	-
At 30 June	345	494	-	-
Bad debts written off directly to the profit and loss account	1	8	-	-

13. OTHER DEBTORS

Deposits	257	224	-	-
Prepayments	1,240	626	189	142
Staff advances	1	8	-	-
Sundry debtors	30	39	-	-
	1,528	897	189	142

14. AMOUNTS DUE FROM/(TO) RELATED PARTIES

Trade related	332	458	-	-
Non-trade related	545	611	-	-
	877	1,069	-	-
Trade related	(3,060)	(2,567)	-	-
Non-trade related	(2,630)	(76)	(49)	(32)
	(5,690)	(2,643)	(49)	(32)

Related parties refer to companies for which certain directors have substantial interest and companies with common shareholders.

The amounts are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

15. TRADE CREDITORS

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade creditors	6,048	4,084	-	-
Bills payable, unsecured	3,259	12,114	-	-
Goods and services tax	73	33	-	-
	9,380	16,231	-	-

16. OTHER CREDITORS

Accruals	737	1,134	259	240
Accrued development cost	1,513	335	-	-
Interest payable	33	67	-	-
Sundry creditors	1,465	1,260	-	-
Deposits received	1,817	1,221	-	-
	5,565	4,017	259	240

17. INTEREST-BEARING LOANS AND BORROWINGS

Short term :				
Bank overdraft (Note 29)				
- Secured	28,125	31,947	-	-
- Unsecured	-	112	-	-
	28,125	32,059	-	-
Bank loan				
- Secured	13,922	26,600	-	-
Term loan, secured	928	479	-	-
Lease liabilities (Note 31)	16	64	-	-
	42,991	59,202	-	-
Long term :				
Bank loan, secured	3,600	-	-	-
Term loan, secured	413	1,509	-	-
Lease liability (Note 31)	3	19	-	-
	4,016	1,528	-	-

Bank overdraft which is secured on the investment properties of the Group and assignments guarantees of certain Directors, bears interest at 5.25% (2001 : 5.75%) per annum, and repayable on demand.

Bank loans amounting to \$13,922,000 and \$3,600,000 are secured on certain completed properties and properties under development of the Group. These loans bear interest at 5.5% to 5.75% (2001 : 5.75%) per annum and are repayable on 31 December 2002 and 15 July 2005 or one year from date of issuance of the temporary occupation permit, whichever is earlier, respectively.

Term loan is secured by the Group's landed properties, bears interest at 8.5% to 8.7% (2001 : 8.5% to 8.7%) per annum and is repayable in 10 quarterly instalments of \$232,000 each over a period of 3 years commencing on 30 September 2001.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

18. DEFERRED TAXATION

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
At 1 July				
- As previously reported	1,414	2,356	-	-
- Effect of adopting SAS 12 (Revised 2001)	507	528	-	-
- As restated	1,921	2,884	-	-
Written back during the year				
- As previously reported	-	(130)	-	-
- Effect of adopting SAS 12 (Revised 2001)	(19)	(21)	-	-
- As restated	(19)	(151)	-	-
- Movement during the year	(290)	-	-	-
Write back against amount previously capitalised in properties under development	(10)	(873)	-	-
Currency realignment	(35)	61	-	-
At 30 June	1,567	1,921	-	-
The deferred taxation arises as a result of :				
Deferred tax liabilities				
- revaluation of assets (Note 2a)	776	864	-	-
- excess of net book value over tax written down value	881	1,005	-	-
- other timing differences	(90)	52	-	-
	1,567	1,921	-	-

As at 30 June 2002, a subsidiary company has tax losses amounting to approximately \$22,162,000 (2001 : \$17,556,000). The availability of these losses to be carried forward to offset future profits is subject to the provisions of the Income Tax Act. The deferred tax benefit relating to these tax losses of approximately \$4,876,000 (2001 : \$4,301,000) has not been realised in the financial statements as its realisation is not certain at this juncture.

19. SHARE CAPITAL

	Company	
	2002 \$'000	2001 \$'000
Authorised :		
200,000,000 (2001 : 200,000,000) ordinary shares of \$0.50 (2001 : \$0.50) each	100,000	100,000
Issued and fully paid :		
Balance at beginning and end of year : 156,453,000 ordinary shares of \$0.50 each	78,227	78,227

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

19. SHARE CAPITAL (CONT'D)

At the end of the financial year, there were 246,000 (2001 : 472,000) unissued shares in the Company under the Lion Teck Chiang Executives' Share Option Scheme. Details of the unissued shares of the Company under options at the end of the financial year are indicated on page 14 of the Report of the Directors under "Options on shares in the Company".

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

20. REVENUES

Revenue of the Company represents dividends received from subsidiary companies.

Revenue of the Group represents dividends received, invoiced value of sales, rental income and service charges received and sale of properties under development and excludes intra-group transactions.

Revenue for both the Company and the Group excludes applicable goods and services tax.

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues consisted of the following :				
Sale of goods	61,338	56,004	-	-
Sale of properties under development	22,969	22,070	-	-
Dividend income from :				
- Unquoted subsidiary company	-	-	-	1,903
- Others	79	71	-	-
Rental and service revenue	3,250	3,086	-	-
	87,636	81,231	-	1,903

21. OTHER REVENUES

Other revenues included the following for the years ended 30 June :

Gain on disposal of fixed assets	191	45	-	-
Interest income from :				
- Fixed deposits	32	581	-	-
- Others	189	102	-	-
Storage and service income	52	281	-	-
Forfeiture of deposits	110	-	-	-

22. COST OF SALES

Included in cost of sales are the following items :

Staff and related costs	1,481	999	-	-
Foreign exchange gain	(784)	(918)	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

23. SALARIES AND EMPLOYEE BENEFITS

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Directors of the Company and its subsidiary companies				
- Directors' remuneration	553	420	-	-
- Directors' CPF contributions	34	19	-	-
Directors of subsidiary companies				
- Directors' remuneration	28	126	-	-
- Directors' CPF contributions	3	14	-	-
Staff costs				
- CPF and other defined contributions	243	210	-	-
- Salaries and other benefits	2,160	1,834	-	-
	3,021	2,623	-	-

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

	Number of Directors	
	2002	2001
Number of Directors in remuneration bands :		
\$500,000 and above	-	-
\$250,000 to \$499,999	1	1
Below \$250,000	6	6
Total	7	7

24. OPERATING (LOSS)/PROFIT

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Operating (loss)/profit is stated after charging/(crediting) :				
Auditors' remuneration -				
Auditors of the parent company				
- Audit fees				
• Current year	128	136	48	48
• Underprovision in prior year	5	15	1	4
Other auditors				
- Audit fees	4	17	-	-
Bad debts written off - trade	1	8	-	-
- non-trade	5	-	5	6
Bad debts written back	(26)	(38)	-	-
Directors' fees	114	113	110	109
Provision for doubtful debts - trade	15	115	-	-
Provision for/(write-back of)				
diminution in value of investments	1,232	(433)	-	-
Foreign exchange (gain)/loss, net	(349)	670	(358)	595
Provision for foreseeable losses	2,094	4,752	-	-
Provision for diminution in value of completed properties	358	-	-	-
Provision for compensation to minority shareholder of subsidiary company	48	-	48	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

25. FINANCE COSTS

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Interest on amounts due to related parties	18	462	-	-
Interest on bank loans	1	38	-	-
Interest on bank overdrafts	1,576	662	-	-
Interest on hire purchase	2	6	-	-
Interest on trust receipts	455	529	-	-
	2,052	1,697	-	-

26. EXCEPTIONAL ITEMS

Net gain on liquidation of investments in associate and subsidiary companies	490	1,389	-	-
Provision for diminution in value of investment projects, net of minority interest written-off	-	(3,473)	-	-
Write-back of/(provision for) doubtful debts - non-trade	-	-	452	(15,852)
	490	(2,084)	452	(15,852)

27. TAXATION

Major components of income tax expense for the year ended 30 June were :

Current taxation :				
Singapore	(35)	750	-	466
Foreign	216	27	-	-
Deferred taxation :				
Singapore	-	(130)	-	-
(Over)/under provision in respect of previous years	(143)	123	(64)	-
Write-back of deferred taxation	(19)	(21)	-	-
	19	749	(64)	466
Associated company	-	-	-	-
	19	749	(64)	466

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

27. TAXATION (CONT'D)

The reconciliation of the statutory tax rate to the effective tax rate of the Group and the Company is as follows:

	Group		Company	
	2002 %	2001 %	2002 %	2001 %
Domestic statutory rate	(22.0)	(24.5)	22.0	(24.5)
Tax effect on expenses not deductible in determining taxable profit	37.9	43.0	-	24.5
Tax effect on income not taxable in determining taxable profit	(4.8)	(5.5)	(22.0)	-
Tax effect on statutory stepped income exemption/rebate	(1.9)	-	-	-
(Over)/under provision of tax in respect of prior years	(5.6)	1.8	(25.6)	-
Tax effect on different tax rate of other countries	2.2	0.2	-	-
Tax effect on utilisation of allowances and unabsorbed losses brought forward	(36.7)	(4.5)	-	-
Tax effect on benefit from operating losses not recorded	30.4	1.1	-	-
Others, net	1.1	-	-	3.1
Effective tax rate	0.6	11.6	(25.6)	3.1

28. LOSS PER SHARE

	Group	
	2002 \$'000	2001 \$'000
Net loss attributable to ordinary shareholders	(2,996)	(7,214)
Weighted average number of ordinary shares for calculation of basic and fully diluted earnings per share ('000)	156,453	156,453
	Cents	Cents
Loss per share - Basic	(1.9)	(4.6)

In accordance with Statement of Accounting Standard 6 (Revised 1999) : Earnings per share, share options are dilutive when they would result in the issue of ordinary shares for less than fair value. Since the exercise price of the share options of \$0.50 per share is higher than the average share value of one ordinary share during the financial year of \$0.15 per share, there is no dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balance sheet amounts :

	Group	
	2002 \$'000	2001 \$'000
Cash and bank balances	11,094	12,705
Fixed deposits	2,447	5,411
Bank overdraft, secured (Note 17)	(28,125)	(31,947)
Bank overdrafts, unsecured (Note 17)	-	(112)
	(14,584)	(13,943)

30. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Accounting fee paid	8	-	8	-
Management fee paid	109	118	109	118
Purchases	11,055	11,870	-	-
Transport charges	886	1,030	-	-
Rental expense	15	31	37	31
Interest paid	-	455	-	-
Sales	(965)	(9,788)	-	-
Rental and service income	(370)	(285)	-	-

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

Amsteel Mills Sendirian Berhad	10,473	11,870	-	-
Angkasa Marketing Berhad	-	9,788	-	-

There were no interested person transactions in excess of \$100,000 that were conducted without the Shareholders' Mandate during the financial year and the comparative period.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

31. COMMITMENTS

(i) **Finance lease commitments :**

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

	Group			
	Minimum payments 2002 \$'000	Present value of payments 2002 \$'000	Minimum payments 2001 \$'000	Present value of payments 2001 \$'000
Within one year	18	16	66	64
After one year but not more than five years	3	3	21	19
Total minimum lease payments	21	19	87	83
Less: Amount representing finance charges	(2)	-	(2)	-
Present value of minimum lease payments	19	19	85	83

(ii) **Operating lease commitments :**

Rental expenses (principally for warehouse and factory) for the year were \$486,000 (2001 : \$476,000) for the Group.

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

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Within one year	691	366	-	-
After one year but not more than five years	2,000	925	-	-
More than five years	9,930	4,220	-	-
	12,621	5,511	-	-

(iii) **Capital commitments and forward exchange contracts :**

Capital expenditure not provided for in the financial statements :

Commitments in respect of contracts placed	8,313	9,426	-	-
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As at 30 June 2002, the Group has forward foreign exchange contracts amounting to \$34,915,600 (2001 : \$11,200,300).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

32. SEGMENT INFORMATION

Business segments

	Steel trading		Property development	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Revenue				
Sales to external customers	61,338	56,004	22,969	22,070
Investment income	-	-	-	-
Intersegment sales	-	-	-	-
Other revenue	401	227	305	421
Total revenues	61,739	56,231	23,274	22,491
Segment results	87	2,254	(1,340)	(5,080)

Finance costs

Share of results of associated companies

Exceptional items

Loss before tax

Taxation

Minority interests

Net loss for the year

Significant non-cash expenses

 Depreciation

 Capital expenditure

866	937	12	12
1,141	160	1	2

Assets and liabilities

 Segment assets

 Investment in associated companies

37,394	31,693	96,689	107,167
-	-	-	-

Total assets

Segment liabilities

Unallocated liabilities

7,970	16,957	30,495	34,891
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Total liabilities

Geographical segments

Singapore
2002
\$000

2001
\$000

Segment revenue

 Sales to external customers

 Investment income

 Inter-segment sales

 Other revenue

76,333	80,841
79	1,974
21	23
476	1,033

Total revenues

76,909	83,871
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Other geographical information :

Segment assets

Capital expenditure

159,939	160,253
1,262	305

Property rental		Investment holding		Eliminations		Consolidated	
2002	2001	2002	2001	2002	2001	2002	2001
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
3,250	3,086	-	-	-	-	87,557	81,160
-	-	79	1,974	-	(1,903)	79	71
21	23	-	-	(21)	(23)	-	-
75	154	6	363	-	(9)	787	1,156
3,346	3,263	85	2,337	(21)	(1,935)	88,423	82,387
1,375	1,428	(1,583)	(1,286)	-	-	(1,461)	(2,684)
						(2,052)	(1,697)
						(2)	-
						490	(2,084)
						(3,025)	(6,465)
						(19)	(749)
						48	-
						(2,996)	(7,214)
111	122	28	41	-	-	1,017	1,112
121	141	1	7	-	-	1,264	310
93,901	88,832	27,307	32,727	(35,920)	(32,465)	219,371	227,954
-	-	2	2	-	-	2	2
						219,373	227,956
53,073	50,708	12,024	13,530	(35,920)	(32,465)	67,642	83,621
						5,017	7,242
						72,659	90,863
Malaysia		Other Asian Countries		Eliminations		Consolidated	
2002	2001	2002	2001	2002	2001	2002	2001
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
11,224	319	-	-	-	-	87,557	81,160
-	-	-	-	-	(1,903)	79	71
-	-	-	-	(21)	(23)	-	-
305	126	6	6	-	(9)	787	1,156
11,529	445	6	6	(21)	(1,935)	88,423	82,387
70,449	71,886	595	7,427	(11,610)	(11,610)	219,373	227,956
1	2	1	3	-	-	1,264	310

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

33. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary and associated companies at 30 June 2002 are :

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held	
			2002 \$'000	2001 \$'000	2002 %	2001 %
Subsidiary companies						
*	Che Kiang Realty Sdn Bhd (Malaysia)	Property development (Malaysia)	42,070	42,070	100	100
	Teck Chiang Realty Private Limited (Singapore)	Investment holding, property investment and development and general merchants (Singapore)	73,000	73,000	100	100
	Angkasa Hong Leong Pte Ltd (formerly known as Angkasa Building Materials Pte Ltd) (Singapore)	Importers, exporters and distributors of steel and iron products and commission agents (Singapore)	15,000	15,000	50 plus 1 share	100
	LTC Telecom- munications Pte Ltd (Singapore)	Investment holding (Singapore)	-	-	100	100
	LTC Building Materials Pte Ltd (Singapore)	Steel trading (Singapore)	-	-	100	100
	Teck Chiang (International) Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
	Angkasa Welded Mesh Pte Ltd (Singapore)	Dormant (Singapore)	**	**	51	51
+	LTC Realty Pte Ltd (Singapore)	Investment holding and property investment (Singapore)	-	**	-	100
	Lion Venture Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
Ø	LTC West-Link Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

33. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held	
			2002 \$'000	2001 \$'000	2002 %	2001 %
Subsidiary companies (cont'd)						
Ø	LTC Tech-Link Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
Ø	LTC Global-Link Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
Ø	LTC Central-Link Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
#	Guangzhou Lion Communication Development Co Ltd (The People's Republic of China)	Investment in telecommunication business (The People's Republic of China)	**	**	60	60
+	Beijing Zhong Tie Lion Telecommunication Development Co Ltd (The People's Republic of China)	Investment in telecommunication business (The People's Republic of China)	-	**	-	100
Associated companies						
	Teck Chiang Investment Pte Ltd (Singapore)	Investment holding (Singapore)	-	-	50	50
+	LTC Properties Pte Ltd (Singapore)	Property development (Singapore)	-	-	-	50

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

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

+ Liquidated during the year.

Not required to be audited in the country of incorporation.

Ø No audit was done as the subsidiaries were under voluntary liquidation.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

34. SUBSEQUENT EVENTS

The Group's subsidiary companies, LTC Central-Link Pte Ltd and LTC West-Link Pte Ltd were struck-off from the Register under Section 344 of the Companies Act, Cap. 50 on 3 August 2002 and 10 August 2002 respectively.

The Group's subsidiary companies, LTC Global-Link Pte Ltd and LTC Tech-Link Pte Ltd have been liquidated under Section 290 of the Companies Act, Cap. 50 on 8 August 2002.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below :

Interest rate risk

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

Liquidity risk

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

Foreign currency risk

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

Credit risk

The carrying amount of investments, trade and other receivables, and cash as of 30 June 2002 represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2002

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

Fair values

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

The present value of lease payments, as disclosed in Note 31, approximates the fair value of hire purchase creditors.

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

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

	Group	
	Total notional amount \$'000	Aggregate net fair value \$'000
Forward foreign exchange contracts	34,915	34,135

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to provide a proper comparison with the current year's presentation and to take into account the requirements of the revised or new Singapore Statements of Accounting Standard which the Group implemented in 2002.

ANALYSIS OF SHAREHOLDINGS

As at 4 October 2002

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

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,164	9.01	354,724	0.23
1,000 – 10,000	11,090	85.86	20,437,334	13.06
10,001 – 1,000,000	653	5.05	27,549,542	17.61
1,000,001 & above	10	0.08	108,111,400	69.10
Total	12,917	100.00	156,453,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 4 OCTOBER 2002

	No. of Shares	%
Lion Investment (Singapore) Private Limited	53,100,000	33.94
United Overseas Bank Nominees Pte Ltd	11,412,000	7.29
Lion Realty Private Limited	9,950,000	6.36
Fraser Securities Pte Ltd	8,332,000	5.33
Lion Enterprise (Kuala Lumpur) Sdn Bhd	8,250,000	5.27
The Brooklands Selangor Rubber Co. Limited	5,583,000	3.57
Andalas Development Sdn Bhd	4,961,000	3.17
Umatrac Enterprises Sdn Bhd	3,275,000	2.09
Mayban Nominees (S) Pte Ltd	1,703,000	1.09
UOB Kay Hian Pte Ltd	1,545,400	0.99
Southern Nominees (S) Sdn Bhd	889,000	0.57
Ching Kwong Yew	851,000	0.54
DBS Vickers Secs (S) Pte Ltd	819,850	0.52
Yim Chee Tong	818,000	0.52
Ng Chwee Cheng	708,000	0.45
Thiang Thin Poh Joseph	650,000	0.42
DBS Nominees Pte Ltd	642,000	0.41
Morph Investments Ltd	460,000	0.29
Choo Yoong Fatt @ Chow Yoong Fatt	350,000	0.22
Phillip Securities Pte Ltd	308,200	0.20
	114,607,450	73.24

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

SUBSTANTIAL SHAREHOLDERS

As at 4 October 2002

No.	Name	Number of shares of S\$0.50 each fully paid-up			% of Issued Share Capital
		Direct Interest	Deemed Interest	Total	
1	Lion Investment (Singapore) Pte Ltd	53,100,000	-	53,100,000	33.939%
2	Lion Realty Private Limited(2)	9,950,000	10,544,000	20,494,000	13.099%
3	Lion Holdings Sdn Bhd (7)	9,950,000	-	9,950,000	6.359%
4	Angkasa Marketing (Singapore) Pte Ltd (10)	10,000,000	-	10,000,000	6.391%
5	The Brooklands Selangor Rubber Company Limited (4)	5,583,000	4,961,000	10,544,000	6.739%
6	Bidara Holdings Sdn Bhd (9)	8,332,000	-	8,332,000	5.325%
7	Cheng Theng Kee (1)	300,000	53,100,000	53,400,000	34.131%
8	Tan Sri Cheng Heng Jem (3)	-	20,494,000	20,494,000	13.099%
9	Datuk Cheng Yong Kim (1)	50,000	53,100,000	53,150,000	33.971%
10	Lancaster Trading Company Limited (6)	-	9,950,000	9,950,000	6.359%
11	William Cheng Sdn Bhd (6)	-	9,950,000	9,950,000	6.359%
12	Utara Enterprise Sdn Bhd (6)	-	9,950,000	9,950,000	6.359%
13	Amsteel Corporation Berhad (5)	-	23,952,000	23,952,000	15.30%
14	Lion Corporation Berhad (5)	-	23,952,000	23,952,000	15.30%
15	Akurjaya Sdn Bhd (2)	-	10,544,000	10,544,000	6.739%
16	Lembaga Tabung Angkatan Tentera (5)	-	23,952,000	23,952,000	15.30%
17	Horizon Towers Sdn Bhd (2)	-	10,544,000	10,544,000	6.739%
18	Lion Development (Penang) Sdn Bhd (2)	-	10,544,000	10,544,000	6.739%
19	Mazlan Bin Dato' Harun (8)	-	8,332,000	8,332,000	5.325%

NOTES : -

- (1) Deemed to be interested in the 53,100,000 shares held by Lion Investment (Singapore) Pte Ltd.
- (2) Deemed to be interested in : -
 - a. 4,961,000 shares held by Andalas Development Sdn Bhd, and
 - b. 5,583,000 shares held by The Brooklands Selangor Rubber Company Limited.
- (3) Deemed to be interested in : -
 - a. 4,961,000 shares held by Andalas Development Sdn Bhd,
 - b. 5,583,000 shares held by The Brooklands Selangor Rubber Company Limited, and
 - c. 9,950,000 shares held by Lion Holdings Sdn Bhd.
- (4) Deemed to be interested in the 4,961,000 shares held by Andalas Development Sdn Bhd.
- (5) Deemed to be interested in : -
 - a. 4,961,000 shares held by Andalas Development Sdn Bhd,
 - b. 5,583,000 shares held by The Brooklands Selangor Rubber Company Limited,
 - c. 10,000,000 shares held by Angkasa Marketing (Singapore) Pte Ltd,
 - d. 33,000 shares held by Lion Land Berhad,
 - e. 100,000 shares held by Angkasa Marketing Berhad, and
 - f. 3,275,000 shares held by Umatrac Enterprises Sdn Bhd.
- (6) Deemed to be interested in the 9,950,000 shares held by Lion Holdings Sdn Bhd.
- (7) 9,950,000 shares registered in the name of Lion Enterprise (Kuala Lumpur) Sdn Bhd.
- (8) Deemed to be interested in the 8,332,000 shares held by Bidara Holdings Sdn Bhd.
- (9) 8,332,000 shares registered in the name of Fraser Securities Pte Ltd.
- (10) 10,000,000 shares registered in the name of Danaharta Managers (L) Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Lion Teck Chiang Limited (the "Company") will be held at 10 Arumugam Road #10-00, Lion Industrial Building, Singapore 409957 on Monday, 11 November 2002 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Reports of the Directors and Auditors of the Company for the year ended 30 June 2002. (Resolution 1)
2. To approve the payment of Directors' fees of S\$109,000 for the year ended 30 June 2002 (2001: S\$109,000). (Resolution 2)
3. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association:-

Tan Sri Cheng Heng Jem	(Resolution 3)
Mr Ong Teong Wan	(Resolution 4)

(Note: Mr Ong Teong Wan will, upon re-election, remain as Chairman of the Audit Committee. Mr Ong is an Independent Director)
4. To pass the following resolution under Section 153(6) of the Companies Act, Cap. 50 :-

"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Cheng Theng Kee be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company". (See Explanatory Note I)

(Resolution 5)
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)
6. To transact such other ordinary business as can be transacted at an Annual General Meeting of the Company.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without amendments, the following resolution as Special Resolution:-

7. Amendment to the Memorandum of Association

"That the Memorandum of Association of the Company be amended by inserting the following new Clause 5A immediately after Clause 5:

- (5A) To purchase or otherwise acquire ordinary shares issued by the Company on such terms as the Company may think fit and in the manner prescribed by the Companies Act, Chapter 50 (as amended from time to time)."
- (Resolution 7)

8. Amendments to the Articles of Association

"That Articles 4(e), 8(B) and 132 of the Articles of Association of the Company be and are hereby amended or deleted and replaced as follows:

- (a) Existing Article 4(e) be deleted in its entirety.

(b) Existing Article 8(B) be deleted in its entirety and inserting a new Article 8(B):

8(B) Notwithstanding Article 8(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares (whether by way of rights, bonus or otherwise) where:

- (i) the aggregate number of shares to be issued pursuant to such authority does not exceed 50% (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the issued share capital of the Company for the time being; and
- (ii) unless previously revoked or varied by the Company in General Meeting, such authority to issue shares does not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required to be held, or the expiration of such other period as may be prescribed by the statutes (whichever is earlier).

(c) Proposed new Article 10A be added

10A Subject to and in accordance with the provisions of the Act, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall be cancelled. The amount of the Company's issued share capital which is diminished on cancellation of the shares purchased shall be transferred to the Company's capital redemption reserve.

(d) Existing Article 132 be amended as follows:

By inserting the words "(including any Ordinary Resolution passed pursuant to Article 8(B)" immediately after the words "of the Company" appearing in the first sentence of Article 132."
(See *Explanatory Note ii*) (Resolution 8)

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

9. General Mandate to Directors to Issue Shares

"THAT subject to and contingent upon the passing of Resolution 8 above, pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company at the time that the mandate is passed (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time that the mandate is passed, which were issued pursuant to previous shareholder approval) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See *Explanatory Note iii*) (Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. Authority to offer and grant options and to allot and issue shares under the Lion Teck Chiang Executives' Share Option Scheme

"THAT the Directors of the Company be and are hereby authorised, pursuant to Section 161 of the Companies Act, Cap. 50; to offer and grant options in accordance with the provisions of the Lion Teck Chiang Executives' Share Option Scheme approved by the Company on 12 February 1998 (the "Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the Scheme provided always that the aggregate number of shares shall not exceed five (5) per cent. of the issued share capital of the Company from time to time and that the total number of shares to be issued to an eligible Executive or Executive Director of the Company during the entire operation of the Scheme shall not, subject to such adjustments as may be made in accordance with the Scheme, exceed twenty-five (25) per cent. of the total number of shares available under the Scheme and not more than fifty (50) per cent. of the shares available under the Scheme shall be issued to Directors, Chief Executive Officers, General Managers and Officers of equivalent rank." (See Explanatory Note iv) (Resolution 10)

11. Authority to grant options and issue shares to Executive Director, Mr Cheng Yong Liang

"THAT contingent upon the passing of the preceding Ordinary Resolution 10 above, the Directors of the Company be and are hereby authorised to offer and grant to Mr Cheng Yong Liang, Executive Director of the Company (who have abstained from voting) and whose participation in the Scheme had been previously approved, options from time to time to subscribe for shares and to allot and issue shares to him pursuant to the exercise of such options, subject to a maximum entitlement not exceeding twenty-five (25) per cent. of the total number of shares which may be issued by the Company (including any shares which may be issued pursuant to adjustments, if any, made under the Scheme) pursuant to the exercise of options under the Scheme, during the entire operation of the Scheme." (See Explanatory Note v) (Resolution 11)

By order of the Board

Chan Su Lee
Company Secretary

Singapore, 17 October 2002

EXPLANATORY NOTES

- (i) The effect of the Ordinary Resolution 5 proposed in item 5 above, is to re-appoint a Director who is over 70 years of age. Section 153(6) of the Singapore Companies Act, Cap. 50 provides that this Resolution has to be passed by a majority of three-fourths of shareholders voting at the Annual General Meeting of the Company.
- (ii) Proposed amendments to the Memorandum and Articles of Association are to bring them in line with the existing provisions set out in the Listing Manual. Please see the Comparative Table of the relevant memorandum/articles and explanatory notes attached to this Notice.
- (iii) Contingent to the passing of Ordinary Resolution 8 proposed in item 8, the Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company to issue shares in the Company up to and not exceeding in total fifty (50) per cent. of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, continue in force until the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.
- (iv) Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company to offer and grant options and to allot and issue shares in the capital of the Company pursuant to the exercise of the options under the Scheme.
- (v) Contingent to the passing of Ordinary Resolution 10 proposed in item 10, Ordinary Resolution 11 proposed in item 11 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme to the Executive Director, Mr Cheng Yong Liang, and to allot and issue shares (not exceeding in aggregate twenty-five (25) per cent. of the total shares available under the Scheme during the entire operation of the Scheme) to him, pursuant to the exercise of options under the Scheme, subject to the terms of the Scheme.

Notes :

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

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

COMPARATIVE TABLE

PROPOSED NEW MEMORANDUM/ ARTICLES	EXISTING MEMORANDUM/ARTICLES	EXPLANATORY NOTES
<p>Memorandum of Association</p> <p>5A To purchase or otherwise acquire ordinary shares issued by the Company on such terms as the Company may think fit and in the manner prescribed by the Companies Act, Chapter 50 (as amended from time to time).</p>		<p>Share repurchases provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-effective manner. Share repurchases also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per share and/or net asset value per share.</p>
<p>Articles of Association</p>		
<p>8(B) Notwithstanding Article 8(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares (whether by way of rights, bonus or otherwise) where:</p> <p>(i) the aggregate number of shares to be issued pursuant to such authority does not exceed 50% (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the issued share capital of the Company for the time being; and</p> <p>(ii) unless previously revoked or varied by the Company in General Meeting, such authority to issue shares does not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required to be held, or the expiration of such other period as may be prescribed by the statutes (whichever is earlier).</p>	<p>8(B) Notwithstanding Article 8(A) above but subject to the Statutes, the Company may apply to the Stock Exchange of Singapore Limited to waive the convening of an Extraordinary General Meeting to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where:</p> <p>(i) in accordance with the provisions of Section 161 of the Act there is still in effect a resolution approving the issue of shares by the Company; and</p> <p>(ii) the aggregate issues of which in any financial year (other than by way of bonus or rights issues) do not exceed ten per cent of the issued capital of the Company.</p>	<p>Clause 806(2) of the Listing Manual provides that listed companies may obtain shareholders' approval at a general meeting to give a general mandate to the directors to issue shares (by way of bonus rights or otherwise) in the company up to 50 per cent. (50%) of the existing issued share capital of the company, with a sub-limit of 20% for share issues other than on a pro-rata basis to shareholders. With this amendment, the Directors will have greater flexibility in deciding on the issuance of Shares, and the Company would not have to incur the expense of convening shareholders' meetings where the allotments are within these approved limits.</p>

10A Subject to and in accordance with the provisions of the Act, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall be cancelled. The amount of the Company's issued share capital which is diminished on cancellation of the shares purchased shall be transferred to the Company's capital redemption reserve.

Article 10A is inserted to empower the Company to purchase or otherwise acquire shares issued by it. This is in accordance with the Companies (Amendment Act) 1998 which permits listed companies to buy-back its own shares.

132 The Directors may, with the sanction of an Ordinary Resolution of the Company (**including any Ordinary Resolution passed pursuant to Article 8(B)**), capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account, Capital Redemption Reserve Fund or other undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned).

132 The Directors may, with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account, Capital Redemption Reserve Fund or other undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned).

Article 132 is essentially the same as the original Article 132. The only difference is that it additionally allows shares issued pursuant to Article 8(B) to be capitalized in the Company's reserve accounts (including Share Premium Account, Capital Redemption Reserve Fund or other undistributable reserve) or any sum standing to the credit of profit and loss account. This is in line with Clause 841(1) of the Listing Manual.

PROXY FORM

LION TECK CHIANG LIMITED

(Incorporated In The Republic Of Singapore)

IMPORTANT : FOR CPF INVESTORS ONLY

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

I/We, _____ (Name)

of _____ (Address)

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

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 10 Arumugam Road #10-00, Lion Industrial Building, Singapore 409957 on Monday, 11 November 2002 at 11.00 a.m., and at any adjournment(s) thereof in the following manner:-

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

No.	Resolutions relating to:	For	Against
1	Adoption of Audited Accounts, Directors' Report and Auditors' Report		
2	Approval of Directors' Fees		
3	Re-election of Tan Sri Cheng Heng Jem as a Director pursuant to Article 91 of the Company's Articles of Association		
4	Re-election of Mr Ong Teong Wan as a Director pursuant to Article 91 of the Company's Articles of Association		
5	Re-appointment of Mr Cheng Theng Kee as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
6	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
7	To approve the amendment of the Memorandum of Association of the Company		
8	To approve the proposed amendments of the Company's Articles of Association		
9	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
10	Authority for Directors to offer and grant options and to allot and issue shares pursuant to the exercise of options under the Scheme		
11	Authority for Directors to offer and grant options to Mr Cheng Yong Liang (Executive Director of the Company) and to allot and issue shares to him pursuant to their exercise of options under the Scheme		

Dated this _____ day of _____ 2002

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

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

IMPORTANT : PLEASE READ NOTES OVERLEAF

IMPORTANT - PLEASE READ NOTES BELOW

Notes :

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

General:

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

LION TECK CHIANG LIMITED

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

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